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No. 2320



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8 June 1981

LATIN AMERICA REPORT

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PETROBRAS TO OFFER UNEXPLORED AREAS TO RISK CONTRACTORS

Offering 83 Percent of Total

Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Apr 81 p 37

[Text] Petrobras will make available to foreign companies interested in signing risk contracts with it 83 percent (3.32 million square kilometers) of the 4 million square kilometers of Brazilian territory where existence of petroleum is considered probable and that have not yet been explored. Its seismic studies will be limited to only 680,000 square kilometers, or 17 percent of the area.

Unless the government decides differently, Petrobras will even open to risk contracts the area adjacent to the Campos Basin that is already included in the seventh bidding round, to be held next year. The Petrobras risk-contract superintendent himself, Lauro Vieira, acknowledges that the company will close to outsiders only the 200 square kilometers of the Campos region's producing zone.

From Salvador to Chui

According to him, the seventh bidding round will involve an area 2,400 kilometers in length, extending from Salvador to Chui. He adds, moreover, that the places adjacent to the Campos Basin "are of high risk. Hence, there are no grounds for inferring that Petrobras will open productive or low-risk areas to contract, as such locations are reserved for direct development by Petrobras."

Lauro Vieira defends the risk contracts because, in his opinion, they have a very realistic economic significance. One of his examples: a field discovered and put into production (including investments in platforms, production wells, storage and distribution facilities) results in Petrobras having a barrel of oil for \$5, including amortization of all investment.

"If this same field," he says, "were discovered through a risk contract, each barrel, under the same conditions, would cost Petrobras between \$6.25 and \$6.50. Which is to say, \$1.50 represents payment to the contracted company that assumed the exploratory risk, discovered, built and financed the production facility."

"This," remarks Vieira, "would be the cost per barrel to Petrobras of a raw material being imported today at prices averaging \$34 per barrel."



Petroleum Exploration in Brazil

Key:

- | | |
|------------------------|--|
| 1. Areas for Contracts | 3. Areas with Risk Contracts |
| 2. Petrobras Areas | 4. IPT-SP [Sao Paulo Technical Research Institute] |

Risk and Petrobras

There are those in the company itself, however, who assert that putting the areas adjacent to the Campos Basin in the next round of risk contracts "is only an enticement" to "raise the morale" of the foreign companies that have been drilling in Brazil for 5 years without finding any petroleum. But who can say whether the areas adjacent to the Campos Basin have petroleum, when Petrobras itself admits that it has not yet made seismic studies of the area?

Petrobras replies simply, perhaps by intuition, that "it is a high-risk area because known reserves in the Campos Basin are completely delimited and will be fully

developed in the next 20 years, when, according to studies, the wells--unless new discoveries are made--will run dry. In other words, the whole reserve will be depleted.

But the results of the last 5 years of risk contracts are not very encouraging for the foreign companies involved. Last week, for example, one of them, Marathon, abandoned a well, the 39th to be returned to Petrobras. The risk contractors have already spent \$400 million on drilling and the forecast to 1985 is that they will likely invest another \$500 million. Of the area of 570,971 square kilometers included in the 1st, 2d and a part of the 3d bidding rounds, 140,000 square kilometers have been drilled. Each of them, moreover, bought the seismic studies from Petrobras for \$250,000.

Advantage

Petrobras thus has an advantage over the foreign companies in drilling work. But it has also invested much more. The figures for the last 5 years are: Petrobras completed 1,542 exploratory wells and the risk companies, 39; it made 110,000 kilometers of seismic soundings, compared with 72,000; it completed 671 wells producing oil and gas (including development wells), versus zero; it had a success ratio of 16.4 per cent, versus zero; it has 78 drilling rigs in operation, versus 12; it programmed 1,776, compared to 50 required and 60 optional; it invested \$7.7 billion, compared with \$400 million; and it has an investment plan for the next 5 years of over \$5 billion, compared with \$1 billion by the foreign companies.

Returned Areas

The risk companies that were drilling in the Santos Basin have returned all the tracts, it was announced by Lauro Vieira, risk-contract superintendent. British Petroleum, Esso, Pecten and Pennzoil have returned 22 wells of the Santos Basin. One of these, drilled by Esso, reached a depth of 5,595 meters.

At the mouth of the Amazon, Esso returned six wells and is suspending work on one due to problems with the river current. It also quit another in Camarum, Bahia. Marathon drilled a well in Amapa and abandoned it. It is now transferring its equipment to another in the same tract. Dutch/Shell terminated its contract after drilling four wells at the mouth of the Amazon and returned the tract, which also happened with the French firm Elf-Aquitaine after drilling two wells. Hispanoil also terminated its contract after drilling a well in Amapa (mouth of the Amazon). Citco abandoned one in Amapa and is drilling two more in the same area, as well as one in Maranhao which it has also abandoned. And IPT [Technological Research Institute], Sao Paulo, abandoned two in the Parana Basin, is drilling eight more and has invested 18 billion cruzeiros.

Campos Basin Conditions Unknown

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Apr 81 p 24

[Text] Rio de Janeiro--The areas of the Campos Basin that Petrobras will put up for risk-contract bidding are 200 kilometers from the producing region and have unknown geological conditions, as the state enterprise has not even made seismic surveys there yet.

Petrobras management sources explained that, although they are part of the Campos continental shelf, those areas were offered to the foreign companies last year, but they did not attract any proposals. Besides the lack of seismic surveys, there is an additional difficulty to discourage those companies: in the future risk areas in Campos, the distance from the surface to the bottom of the sea is over 300 meters, and at this depth there is not yet any production technology available in the world.

The bidding in which the Campos Basin areas will be entered should be held in the early months of next year. By then Petrobras may have concluded seismic mapping of a part of the region and if this happens exploratory work by the foreign companies will have been facilitated.

Challenge

One of the reasons why the deepest part of the Campos continental shelf is offered for risk contract is related to the need to overcome the challenge of producing petroleum in water deeper than 300 meters. The risk-contract philosophy, according to Petrobras technicians, is to stimulate introduction into Brazil of technologies not yet known and that may in the future be used by Petrobras itself in its production activities.

Petrobras itself already has adequate technique to explore in deep waters, so much so that it has made discoveries in waters about 300 meters deep. Equipment available in the international market exclusively for exploration permits reaching that depth, unlike what occurs with production equipment and technology for shipping the petroleum to terminals on the high seas or onshore.

Technicians believe the search for petroleum in deeper regions of the Campos Basin or in other areas of the nation's continental shelf is the natural path to be taken after shallow-water regions have been sufficiently developed. In the Campos Basin almost all the producing wells have been drilled in water about 150 meters deep, where the technicians are still looking for more accumulations to raise the area's petroleum reserves.

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CSO: 3001/189

PETROBRAS FINDS OIL IN CAMPOS BASIN; EXPLORATION PROSPECTS

New Discoveries, New Techniques

Rio de Janeiro O GLOBO in Portuguese 24 Apr 81 p 15

[Text] Petrobras discovered more oil yesterday in the Campos Basin in a well 85 kilometers offshore at a depth of 3,165 meters. The well showed a flow of 1,402 barrels a day (223 cubic meters a day) with a 1/2-inch opening.

The well was plugged until it begins to be operated commercially. It is 103 meters underwater, although the Campos Basin is as much as 200 meters deep, as in the case of the Garoupa field.

Petrobras will drill another well nearby to test a geological formation named Macae by technicians. It is a limestone formation (the same as in the Gulf of Mexico) and may also indicate presence of petroleum.

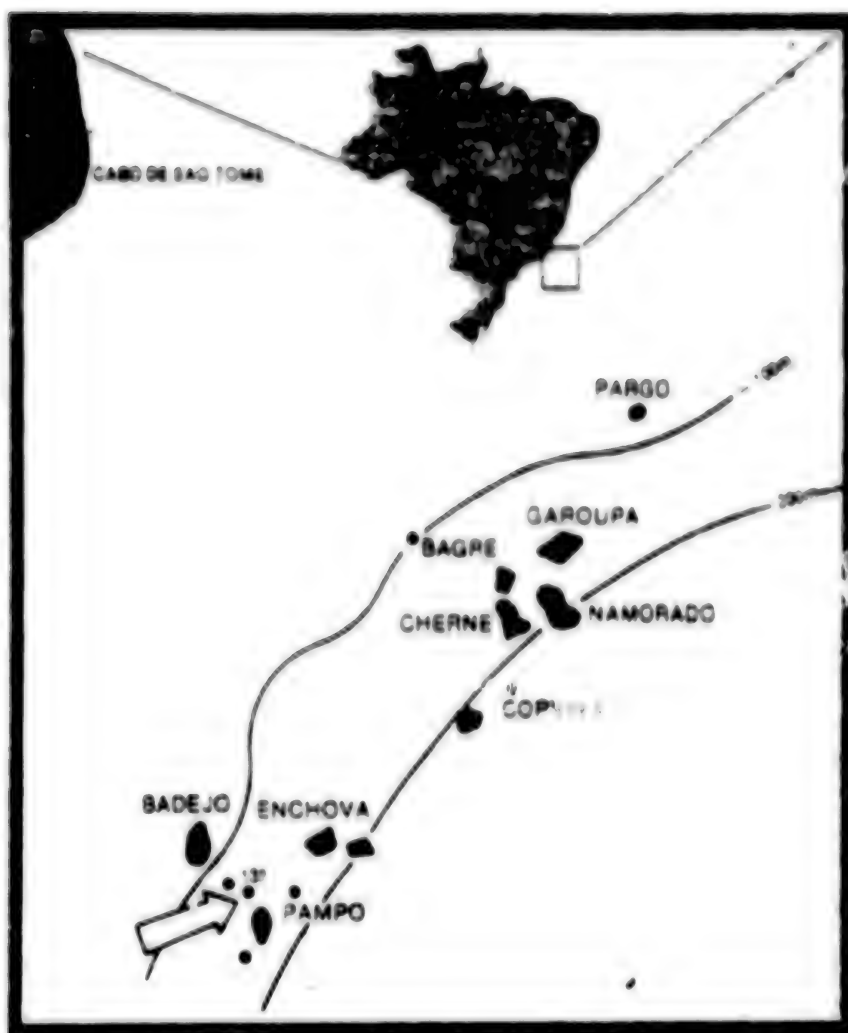
Gas in Jurua

Petrobras also discovered gas in the Jurua River region in the Upper Amazon, in well 1-IP-1-AM (Igarupe Puca No 1), having a flow of 348,000 cubic meters per day from a 1/2-inch opening. Petrobras has now found four accumulations of natural gas in the Upper Amazon. The gas just discovered was in an interval between 2,713 and 2,723 meters in depth.

Bahia Produces More

Salvador--The Buricica field, in the Petrobras Bahia production region, is operating more than 400 percent above its previous capacity since beginning to use the special "in situ combustion" method of recovery for the first time in Brazil. The information is from Guilherme Pessoa Pinto of the Division of Special Methods, in revealing that the field is now producing about 526 barrels of oil daily at a cost of only \$8 a barrel except for production expenses.

He explained that Bahia has been the first state in the nation to receive the so-called special methods of recovery and that although they require a long time to be put into operation, they are profitable. Another 514 million barrels can now be extracted from Bahia soil by using special methods already tested, in addition to 617 million barrels through methods now being developed. In any event, at least 1.5 billion barrels of oil are likely to remain underground, due to lack of known methods for extracting it.



The arrow points to where Petrobras discovered oil in the Campos Basin

Current Activities

Rio de Janeiro GAZETA MERCANTIL in Portuguese 29 Apr 81 p 12

[Excerpt] Two evaluations of exploratory offshore wells represent the most interesting aspect of petroleum exploration in Brazil, including the work of both Petrobras and the companies having risk contracts with it. There are now 84 drilling rigs working in the country, of which 72 are operated by Petrobras (29 offshore and 43 onshore). Risk-contract companies are operating 12 (of which 8 are onshore, run by the IPT [Technical Research Institute]-CESP [Sao Paulo Electric Company] consortium, and 4 are offshore, contracted by Citco, Pecten, British Petroleum and Marathon--the last-named getting ready for another attempt off the Amapa coast).

Besides the two evaluations of exploratory wells, there are three others, also for Petrobras, relating to extension and development of already-known fields. Meanwhile the well that the IPT/CESP Consortium is testing in Taciba, Sao Paulo, will only result in an insignificant recovery of gas, not simply because of mechanical problems but also due to the very low porosity of the strata where there are hydrocarbon accumulations.

Prospecção Petrolífera no Brasil (em 27 abril 1981)									
Posição das Perfurações Terrestres (1)					Contratos de Risco (10)				
Nome	País	Profund. (m)	Situação	Equipamento	Empresa	País	Profund. (m)	Situação	
SC-01	1.02-1-AM	1.151	operando	PT-1	Petrolbras	3-AA-1-SP	1.093	operando	(9)
SM-1	1.02-1-AM	2.007	operando	PT-2	Petrolbras	3-TB-1-SP	4.753	operando	
SM-2	3.02-1-AM	—	DTM	PT-3	Petrolbras	3-BA-1-SP	3.443	operando	
SM-3	1.02-1-AM	1.798	operando	PT-4	Petrolbras	3-CB-1-SP	1.714	operando	
SC-02	1.02-1-AM	733	operando	PT-5	Petrolbras	3-AB-1-SP	706	operando	
SC-03	1.02-1-AM	1.873	operando	PT-6	Petrolbras	3-CS-1-SP	620	operando	
SC-04	7.02-1-AM	1.653	operando	PT-7	Petrolbras	3-AL-1-SP	700	operando	
SC-05	1.02-1-AM	741	operando	PT-8	Petrolbras	3-AT-1-SP	523	operando	
SC-06	7.02-1-AM	1.350	operando	Key Gibraltar	Ciba	1-AP-1-SP	3.340	operando	
SC-07	7.02-1-AM	703	operando	Rowan Midco	Pecten	1-BA-1-SP	3.000	operando	
AG-1	7.02-1-AM	1.074	operando	San-Ocean	BP	1-CA-1-SP	3.000	operando	
AG-2	7.02-1-AM	2.129	operando	Sedco-700	Marathon	1-AP-1-SP	—	DTM	(7)
AG-3	7.02-1-AM	1.350	operando						
AG-4	7.02-1-AM	2.129	operando						
SC-08	7.02-1-AM	1.877	operando						
SC-09	—	—	DTM						
SC-10	4-CA-1-AM	2.000	operando						
SC-11	1.02-1-AM	774	operando						
SC-12	4-CA-1-AM	—	reparando						(15)
SC-13	1.02-1-AM	1.740	operando						
SC-14	1.02-1-AM	2.129	operando						
SC-15	7.02-1-AM	2.224	operando						
SC-16	7.02-1-AM	1.150	operando						
SC-17	7.02-1-AM	2.000	operando						
SC-18	—	—	DTM						
SC-19	4-CA-1-AM	—	DTM						
SC-20	1.02-1-AM	—	DTM						
SC-21	1.02-1-AM	2.129	operando						
SC-22	7.02-1-AM	487	operando						
SC-23	0.12-1-AM	85	operando						
SC-24	2.02-1-AM	913	operando						
SC-25	1.02-1-AM	642	operando						
SC-26	9.02-1-AM	318	operando						
SC-27	7.02-1-AM	673	operando						
SM-3	1.02-1-AM	342	operando						
SC-28	7.02-1-AM	1.473	operando						
SC-29	7.02-1-AM	553	operando						
SC-30	3.02-1-AM	773	operando						
SC-31	9.02-1-AM	351	operando						
SC-32	1.02-1-AM	2.702	operando						
SC-33	7.02-1-AM	1.008	operando						
SC-34	7.02-1-AM	—	reparando						
SC-35	1.02-1-AM	—	DTM						
SC-36	1.02-1-AM	—	DTM						
SC-37	1.02-1-AM	—	DTM						
SC-38	1.02-1-AM	—	DTM						
SC-39	1.02-1-AM	—	DTM						
SC-40	1.02-1-AM	—	DTM						
SC-41	1.02-1-AM	—	DTM						
SC-42	1.02-1-AM	—	DTM						
SC-43	1.02-1-AM	—	DTM						
SC-44	1.02-1-AM	—	DTM						
SC-45	1.02-1-AM	—	DTM						
SC-46	1.02-1-AM	—	DTM						
SC-47	1.02-1-AM	—	DTM						
SC-48	1.02-1-AM	—	DTM						
SC-49	1.02-1-AM	—	DTM						
SC-50	1.02-1-AM	—	DTM						
SC-51	1.02-1-AM	—	DTM						
SC-52	1.02-1-AM	—	DTM						
SC-53	1.02-1-AM	—	DTM						
SC-54	1.02-1-AM	—	DTM						
SC-55	1.02-1-AM	—	DTM						
SC-56	1.02-1-AM	—	DTM						
SC-57	1.02-1-AM	—	DTM						
SC-58	1.02-1-AM	—	DTM						
SC-59	1.02-1-AM	—	DTM						
SC-60	1.02-1-AM	—	DTM						
SC-61	1.02-1-AM	—	DTM						
SC-62	1.02-1-AM	—	DTM						
SC-63	1.02-1-AM	—	DTM						
SC-64	1.02-1-AM	—	DTM						
SC-65	1.02-1-AM	—	DTM						
SC-66	1.02-1-AM	—	DTM						
SC-67	1.02-1-AM	—	DTM						
SC-68	1.02-1-AM	—	DTM						
SC-69	1.02-1-AM	—	DTM						
SC-70	1.02-1-AM	—	DTM						
SC-71	1.02-1-AM	—	DTM						
SC-72	1.02-1-AM	—	DTM						
SC-73	1.02-1-AM	—	DTM						
SC-74	1.02-1-AM	—	DTM						
SC-75	1.02-1-AM	—	DTM						
SC-76	1.02-1-AM	—	DTM						
SC-77	1.02-1-AM	—	DTM						
SC-78	1.02-1-AM	—	DTM						
SC-79	1.02-1-AM	—	DTM						
SC-80	1.02-1-AM	—	DTM						
SC-81	1.02-1-AM	—	DTM						
SC-82	1.02-1-AM	—	DTM						
SC-83	1.02-1-AM	—	DTM						
SC-84	1.02-1-AM	—	DTM						
SC-85	1.02-1-AM	—	DTM						
SC-86	1.02-1-AM	—	DTM						
SC-87	1.02-1-AM	—	DTM						
SC-88	1.02-1-AM	—	DTM						
SC-89	1.02-1-AM	—	DTM						
SC-90	1.02-1-AM	—	DTM						
SC-91	1.02-1-AM	—	DTM						
SC-92	1.02-1-AM	—	DTM						
SC-93	1.02-1-AM	—	DTM						
SC-94	1.02-1-AM	—	DTM						
SC-95	1.02-1-AM	—	DTM						
SC-96	1.02-1-AM	—	DTM						
SC-97	1.02-1-AM	—	DTM						
SC-98	1.02-1-AM	—	DTM						
SC-99	1.02-1-AM	—	DTM						
SC-100	1.02-1-AM	—	DTM						

Obs: DTM = Desmontando, Transportando e Montando (7)
Fonte: Petrobras (16)

Petroleum Exploration in Brazil (on 27 April 1981)

Key:

1. Position of Onshore Drilling
2. Drilling Rig
3. Well
4. Depth (meters)
5. Situation
6. Operating
7. Dismantling, Transporting and Erecting
8. Being Repaired
9. Testing
10. Risk Contracts
11. Equipment
12. Company
13. Offshore Drilling
14. Code
15. Being Evaluated
16. Source: Petrobras

In Sao Paulo, Paulipetro confirmed the Petrobras report to editor Paulo Ludmer, mentioning that "the tests, at 4,500 meters, are the deepest in the country, offshore or onshore." The company said the gas neither gushed out nor produced a flame, but came out mixed with mud. The consortium asserted, moreover, that the well is in the stratum of the Furnas sandstone formation where three levels will be analyzed. The well is already 5,000 meters deep and depends upon results of the drilling in Cuiaba Paulista, Sao Paulo, for better conclusions. The consortium points out, finally, that the tests will not be finished until next week.

Onshore, Petrobras is exploring the extent of the Jaraqui gas field on the banks of the Jurua in Middle Amazonas. These reserves are not yet completely delimited.

Garoupa

The deadlines set by Petrobras for resuming operation of the provisional production system of the Garoupa field are not being met because repairs have not been finished. The alleged reasons are the constant foul weather in the Campos Basin, which has prevented the safe approach of service vessels to the damaged "monobuoy."

Yesterday, when the work was scheduled to be completed, there were winds of 75 kilometers per hour, causing delay in extraction of the 30,000 barrels daily and continuing to deplete buffer stocks.

Petrobras Management Shake-Up

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Apr 81 p 32

[Text] Rio de Janeiro--One of the main results of the management changes to be made at Petrobras, as revealed yesterday by a highly-placed company source, will be accelerated drilling of exploratory and production wells to improve the efficiency of the sector, which previously was subordinated to the production department and will now be under the exploration department.

Geologist Carlos Walter Marinho Campos, director of exploration, decided this after making surveys about the performance of major foreign oil companies in drilling wells in order to compare it with that of Petrobras. The purpose is to increase the sector's output in order to quickly reach the goals set by Mines and Energy Minister Cesar Cals.

Although drilling exploratory wells is an activity for which geologists are responsible, in Petrobras a distortion persisted in the company's structure in having that sector associated with engineering and production management. Drilling oil wells is now done at Petrobras by a single department, which answers to exploration management as well as to that of production, although remaining subordinated only to the latter.

The same source denied existence of a political crisis in Petrobras management, explaining the departure of Production Director Jose Marques Neto and his replacement by Industrial Director Orfila dos Santos as necessary for accelerating the oil production program, especially in the Campos Basin.

He also denies the possibility that the managerial changes have been provoked by presumed pressures from companies interested in exploring in the Campos Basin. It

is definitely settled, according to the same source, that the producing area of the Rio de Janeiro continental shelf will at no time be included in risk contracts, since it has been reserved exclusively to Petrobras for exploration and development under its direct responsibility.

In the next round of risk contract bidding, which will take place early in 1982, areas in the Campos Basin at a distance of 200 kilometers from the producing region will be offered. The term "adjacent area" is given to the case, according to technicians of the Superintendency for Risk Contracts, because it is an integral part of the basin from the geographical and geological point of view. Until now no seismic surveys have been made in that region.

8834

CSO: 3001/189

OIL IMPORTS EXPECTED TO DROP TO 700,000 B/D BY YEAREND

How Cals Figures It

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Apr 81 p 39

[Text] Brasilia--Mines and Energy Minister Cesar Cals hopes to reduce the country's consumption of imported petroleum from 750,000 barrels daily to 700,000 barrels by the end of this year. This reduction of 50,000 barrels would represent a little more than 5 percent of aggregate Brazilian petroleum consumption, which he estimates at about 1,055,000 barrels daily in December, compared to 1,043,000 last February.

To reach this goal, Cesar Cals hopes for confirmation of his prediction that the country will by then be producing 280,000 barrels daily (compared to 240,000 currently), which, together with an increase in alcohol use to the equivalent of about 67,000 barrels of petroleum and in coal consumption equivalent to 7,000 to 8,000 barrels, will permit a reduction of 50,000 barrels in consumption of imported petroleum.

In this estimate the minister takes domestic petroleum production into account, which increased 33.33 percent from 164,171 barrels daily on 15 March 1979 to 232,226 barrels as of 15 March 1981, after having increased 11.94 percent from March 1979 to March 1980, when it reached 194,965 barrels daily.

As the minister revealed, the Petrobras 5-year production plan forecasts for the 1981-85 period a production increase to about 516,349 barrels daily, of which 389,381 will be extracted from fields already discovered and 126,968 will be from fields classified as "to be discovered" but that, according to Cesar Cals, are locations where oil has already been discovered and whose production can already be estimated.

Petrobras expects petroleum production (in barrels per day) in the 1981-85 period to be as follows:

<u>Year</u>	<u>From Fields Already Discovered</u>	<u>From Fields To be Discovered</u>	<u>Total</u>	<u>Percentage Increase Over 1978 (157,200)</u>
1981	220,988	--	220,988	40.58%
1982	256,883	8,926	265,809	69.09%
1983	322,779	16,646	339,425	115.92%
1984	389,641	49,373	439,014	179.27%
1985	389,381	126,968	516,349	228.47%

Reserves

Despite his optimism about domestic petroleum production through the end of this year and through 1985, the mines and energy minister does not attempt a forecast about the increase in the nation's oil reserves by that year. But he is sure that production of 500,000 barrels will be reached--and maybe even surpassed--without predatory operation; that is, without depleting the wells in less than their 10-year useful life (the period considered economical in terms of return on investment).

To support this assertion, he shows that, although Brazilian production has increased in recent years, reserves have not decreased--in fact they have actually increased, from 1.143 billion barrels in December 1978 to 1.669 billion barrels on 31 December 1980, an increase of 17.37 percent.

Brazilian hydrocarbon reserves (in billions of barrels) showed the following physical and percentage increases from 31 December 1978 through 31 December 1980:

<u>Item</u>	<u>31 December 1978</u>	<u>31 December 1979</u>	<u>31 December 1980</u>
Petroleum and LNG (billions of barrels)	1.143	1.264	1.339
Increase over 31 December 1978 (percentage)	--	10.59%	17.15%
Natural Gas (billions of equivalent barrels of petroleum)	0.279	0.284	0.330
Increase over 31 December 1978 (percentage)	--	1.79%	18.28%
Total (billions of equivalent barrels of petroleum)	1.422	1.548	1.669
Increase over 31 December 1978 (percentage)	--	8.86%	17.37%

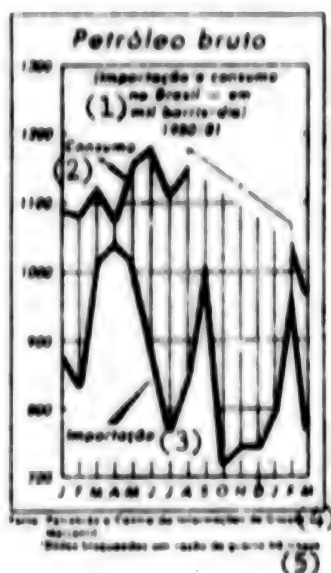
These increases of reserves were obtained by intensifying the exploration activities of Petrobras, which, after having drilled 527,252 meters in 1978, intends to reach 959,478 meters this year, which would represent an increase of 81.98 percent over 1978. In 1979 there were 703,901 meters drilled, an increase of 33.50 percent over 1978; drilling in 1980 was 813,494 meters, an increase of 54.29 percent over 1978.

The priority exploration areas, according to Minister Cesar Cals, are the Campos Basin and the continental shelves of Espirito Santo, Ceara and Maranhao and the Amazon Basin, which involves exploration onshore as well as on the continental shelf.

Oil Imports Off 19.8 Percent

Rio de Janeiro GAZETA MERCANTIL in Portuguese 17-20 Apr 81 p 1

[Text] Domestic consumption of petroleum derivatives, an important indicator of the nation's economic activities, has been declining. From February to March there was a decrease of about 74,100 barrels per day, putting consumption below the mark of 1 million barrels per day for the first time in 4 years. After a consumption of 1,043,000 barrels of derivatives daily in February, March did not exceed 968,900, which means there was a reduction of 7.1 percent. And this time the decrease was



Crude Oil

Key:

1. Imports and consumption in Brazil in thousands of barrels per day-- 1980-81
2. Consumption
3. Imports
4. Source: Petrobras and GAZETA MERCANTIL Information Center
5. *Data unavailable due to Iran-Iraq War

not confined to only gasoline and fuel oil (the latter always in a smaller proportion) as previous to February; diesel fuel showed a drop of 3.4 percent, something that never happened previously in the consumption statistics for this fuel in Brazil.

Brazilian petroleum imports also showed a decline: the first quarter of this year recorded imported petroleum consumption of about 826,000 barrels per day, compared with 960,000 consumed during the same period of 1980, equivalent to a 14 percent reduction in aggregate terms.

Not all this reduction resulted from less consumption: although replacement of fuel oil by coal is still a minor item, fuel alcohol already represents a significant contribution, increasing from about 30,000 barrels daily in the first quarter of last year to about 60,000 barrels daily during the latest 3 months.

Another aspect to be considered in this matter of imports is that for the government there is a difference of criterion: consumption of imported petroleum does not necessarily mean importation of petroleum. Moreover, all the petroleum that Petrobras "imports" is not necessarily "absorbed," giving rise to the discrepancies between information from foreign-trade sources and those in the energy sector. Hence, the fact is that the nation's existing stocks, now about 87 million barrels (equivalent to about a 105-day supply, based upon current imported consumption), are "banking" the difference between imported consumption and oil effectively imported.

The decision of Mines and Energy Minister Cesar Cals to reduce effective imports has generally been followed, without yet harming supply. "Absorbed" petroleum did not exceed 770,000 barrels per day, which led to a depletion of stocks of about 56,000 barrels per day. There now emerges another way of counting--this one more significant for the balance of payments--the reduction of "absorbed" petroleum from the first quarter of 1980 to the same period this year, and these figures are more drastic: a fall of 19.8 percent.

In dollars, 960,000 barrels per day times 91 days time \$28 (which was the average price Brazil was paying at the time) totals \$2.45 billion for the first quarter of 1980.

During the same period this year, the number of days changed to 90; the daily average of "absorbed" imports, to 770,000 barrels; and the average price, to \$35 FOB. This comes out to \$2.43 billion.

Hence, while Brazilian exports have been showing a satisfactory performance, imports, led by petroleum, are being held in a straitjacket. That would even be the case if we were to account for the 56,000 barrels daily being depleted from stocks and that are worth as much as imported petroleum, totaling \$176 million.

8834

CSO: 3001/189

FINANCE MINISTER CONCERNED BY CRUDE OIL PRICE DECLINE

Quito EL COMERCIO in Spanish 24 Apr 81 p A-7

[Text] "If the price of oil continues to drop, it could increase the budget deficit but not the foreign debt," Finance Minister Rodrigo Paz stated, pointing out that it is the national government's intention to reach a top indebtedness of \$300 million this year.

The minister explained that, when the price per barrel of oil reached \$39.40 during the first quarter of the year, it was estimated that the foreign debt would not exceed \$160 million (a loan is already being negotiated). However, if the price drops to the \$36 calculated as a minimum for the state budget, the foreign debt could rise to \$300 million. "This is the absolute maximum indebtedness the budget can accept," the secretary of state noted.

"Unfortunately, in view of the present drop in oil prices at the international level which will apparently last for some time, it will be necessary to reappraise the situation for the next 6-month period. We hope to maintain an average price of \$36.00 for the first 6 months of this year based on the higher initial charge.

"The outlook for the next 6-month period is not very encouraging," he said, "but the world moves so quickly that we have reason to hope for a definite reference point.

"Nevertheless," he asserted, "this situation cannot help but increase the foreign debt. On the contrary," he said, "we are very concerned, and we expressed this concern last year when we had such a high budget deficit; but, nevertheless, we maintained the same position in the state budget. This year's budget is exactly the same," he said.

"The drop in the price of oil has resulted in less income and in difficulties in the administration of the fiscal treasury and budget," he pointed out.

As for the sales policy with regard to oil (over the long range or spot), the minister said that, along with other nations in the world, Ecuador is interested--on the basis of agreements from government to government--in giving export quotas of crude oil to countries which are interested in dealing with Ecuador and engaging in oil prospecting.

"This would assure an export quota for now and the future," he said.

He went on to say that dependence on oil subjects us to vacillations in such a policy on the international level.

"However," he said, "the present regime is pursuing a policy of diversification in its exports." Among other mechanisms the regime had set up, he cited the Export Development Corporation, to be established in the near future, export insurance, an increase in tax credit and agreements between governments. "The government, private enterprise and workers are all obliged to participate in these measures to achieve a level of dynamism and not let ourselves be influenced by the euphoria the oil bonanza brought us," he stressed.

8568

CSO: 3010/1284

ID LEADER CRITICIZES GOVERNMENT'S OIL POLICY

Quito EL COMERCIO in Spanish 3 May 81 p 3

[Text] Rodrigo Borja, leader of the Democratic Left [ID], questioned the oil policy implemented by the government led by attorney Jaime Roldos.

Borja maintained that our country is presently supporting an extremely serious oil crisis. "Although the causes of that crisis are external, it is the government's lack of foresight and erroneous commercialization policy which have aggravated the situation, almost to the point of collapse," he emphasized.

He explained that as early as November 1980 the depression of the world market was quite foreseeable for reasons which were plain to see: the recession taking place in industrialized countries, their plans for energy saving and accumulating reserves, the resumption of exports from Iran and Iraq, an increase in sales from Mexico, and the policy of limitation and unification of prices initiated by Saudi Arabia. He added that all these factors could be foreseen and, in fact, were foreseen, since, in the document put out by CEPE [Ecuadorean State Petroleum Corporation] entitled "New Price-Fixing Policy" and drawn up in mid-1980, definite measures were recommended to save the situation; however, those measures were not implemented and this permitted the crisis to have disastrous consequences for our country.

He stressed that CEPE's storage capacity--which barely amounts to 15 days of production--and failure to implement an approved plan to increase that capacity resulted in an excessive accumulation of oil.

"For this reason," he emphasized, "the government had to decrease production by about 37 percent and was forced to lease storage tanks on the Netherlands Antillean island of Bonaire at a cost of 21 and 1/2 cents per barrel per month and rent four tankers--the "Charalangos," "Actium," "Debali" and "Astrapi"--with a total capacity of 1.5 million barrels and at an average cost of \$12,000 per day per vessel.

He declared that the country's interests in the matter of oil are in the hands of a gang of middlemen and speculators through so-called "spot" sales, that is, immediate delivery sales.

He pointed out that one should not just criticize but offer solutions and that he was therefore suggesting the following corrections to the oil commercialization policy: 1) arrange sales over the long range to regularize exports, assure prices and prevent a repetition of the type of crisis now being felt; 2) suppress spot sales as much as possible in that they promote speculation, fraudulent management and corruption among middlemen; 3) sell oil preferably to state organizations; 4) develop a new formula for calculating prices based on the judicious prices being charged by OPEC nations for similar crude oils instead of fixing them according to values on the Caribbean and U.S. east coast markets; and 5) increase the storage capacity to provide for the safety of our oil.

8568

CSO: 3010/1284

BRIEFS

OIL PUMPING REACHES CAPACITY--Yesterday morning at 0700 hours the flow of oil through the trans-Ecuadorean pipeline reached its maximum capacity of 240,000 barrels, since the Balao tanks had become less congested, according to official information released by CEPE [Ecuadorean State Petroleum Corporation]. In keeping with the schedule set up by that organization, a number of ships leased by companies which have contracts to purchase oil began to load that commodity yesterday, and this normalized pumping in the pipeline which links the Lago Agrio storage tanks to the Balao terminals. The news release further states that, due to a blockage of crude oil in the maritime oil terminal tanks, steps had to be taken to reduce the flow of crude through the pipeline--a routine measure observed in accordance with CEPE's and Texaco's shipping schedules. In the past few days the country was forced to suspend pumping from Balao and drastically reduce production due to overfilling the storage tanks. The authorities had termed this phenomenon a temporary occurrence which will be cleared up within a few days. [Text] [Quito EL COMERCIO in Spanish 25 Apr 81 p 1] 8568

CSO: 3010/1284

'CANGREJERA' TO PROVIDE PETROCHEMICAL SELF-SUFFICIENCY

Mexico City EL SOL DE MEXICO in Spanish 15 Apr 81 pp 1-B, 4-B

[Text] Mexico will become one of the great petrochemical powers of the world in a year, when its volume of production will be sufficient to satisfy the domestic demand and provide a surplus for export.

One of the most important steps toward the achievement of this goal will be taken at the end of this month when Pres Jose Lopez-Portillo inaugurates the petrochemical complex La Cangrejera, the largest in Latin America, which will make it possible in some cases to increase national production up to 500 and 700 percent.

The complex consists of 14 plants of which two are already in operation, the oxygen and the acetaldehyde plants.

According to reports provided by Petroleos Mexicanos [PEMEX], the cost of the project was nearly 20 billion pesos and up to the present time there has been a delay of only a few months in putting the first plants into operation since according to the original plan the acetaldehyde and ethylene plants were to have started operating during the course of 1980.

However, the construction of the other plants is on schedule and they may even be completed before the target dates.

PEMEX reported that during the course of this year the majority of the remaining plants will start operating and that the rest will start operating early next year.

With this complex and the other petrochemical plants being constructed in other parts of the country, Mexico will become one of the great petrochemical producers of the world. In addition to supplying the domestic demand--which is growing as a result of the industrial development of the country--they will provide large surpluses to be placed on the international market.

La Cangrejera, which will be inaugurated by the president, will consist of 14 plants for the production of ethane, propane, butane, ethylene, polyethylene, ethylene oxide, acetaldehyde, benzene, toluene, orthoxylene, paraxylene, styrene, hexane and heptane.

The PEMEX reports state that among the most important categories of production, ethane and ethylene stand out because they bring about an increase in the country's level of production of basic petrochemicals. The capacity of those plants will increase by 300 and 341 percent, respectively, as compared to the 1978 capacity.

The same is true for ethylene oxide (470 percent increase), orthoxylene (389 percent increase), paraxylene (700 percent increase) and styrene (528 percent increase).

The increase in the productive capacity of the propane plant will be 178 percent, of the butane plant 200 percent, of the ethylene plant 341 percent, of the polyethylene plant 355 percent and of the acetaldehyde plant 327 percent.

9204

CSO: 3010/1257

KUCZYNSKI TERMS COUNTRY'S FUTURE IN OIL FIELD PROMISING

Lima EL COMERCIO in Spanish 30 Apr 81 p 4

[Text] Pedro Pablo Kuczynski, minister of energy and mines, said yesterday that the country's future in the matter of oil "is promising." He disclosed that, this year alone, current oil-contracting firms will invest about \$400 million.

He said optimistically that, if an agreement is reached with Shell and other oil companies, this figure could increase substantially.

He explained that the present firms have already given the General Hydrocarbons Directorate their programs for action up to the end of this year, consisting of three levels.

Investments

He said that Occidental Petroleum has proposed a program involving \$154 million in the Amazon region; Bridas plans \$140 million for the secondary restoration of the north coast; and Belco will spend \$77 million on the continental shelf, a figure which would be considerably increased if it received an additional contract.

Export

Chatting with journalists after his audience with President Fernando Belaunde Terry, he said, "We are a modest export country and our philosophy is to maintain sufficient exports but not to an exaggerated degree."

He explained that Article 2 of the National Defense Council Accord clearly states that we should "be careful with our reserves, for it does not behoove us at this time to use what we do not need to strengthen our foreign currency reserves."

He said, "Obviously, some oil export is necessary, but," he stressed, "our philosophy is to maintain sufficient exports but not to an exaggerated degree."

PETROPERU

The minister of energy and mines emphasized that "we have very great challenges, like that of strengthening PETROPERU [State Petroleum Agency] and making it a more efficient operation, as well as the challenge of saving fuel."

He remarked that coal may be playing a very important role, such as transforming the cement industry, using coal instead of oil.

He said that a subway would be one solution in Lima, as it would make it possible to save fuel being powered by electricity.

Priority

He pointed out that the unanimous accord of the National Defense Committee clearly defines the major priorities. "And that is basic. The texts of the contracts should be a matter of negotiation," he stated.

He said that each contract should be individually studied. "And not, necessarily, all will be approved," he declared.

8568

CSO: 3010/1284

CUBAN OFFICIAL CRITICIZES U.S. FOREIGN POLICY TOWARD L.A.

Quito NUEVA in Spanish No 76, Apr 81 pp 38-43

[Interview with Cuban Vice Foreign Minister Ricardo Alarcon, in Quito; date not given]

[Text] After a month and a half of talks, on 29 March the dispute with Cuba was "resolved." In two televised interviews aired on that Sunday night (one on the main port's channel and the other with national coverage), Minister of Foreign Relations of the Republic Alfonso Barrera Valverde announced to the country that the relations remained "on the level of charges d'affaires," and that Ecuador might participate (although he did not specify the exact mechanisms) in the action that the Cuban Government would take against the attackers of our headquarters in Havana.

It was by then clear to all Ecuadoreans (despite the total lack of official statements to this effect) that the "seizure" of the Ecuadorean Embassy in Cuba was a well mounted provocation included in the series of actions taken by the Reagan administration on the continent. And the Ecuadorean Government, disregarding the clearcut exposes made in the world concerning the "affair," succumbed to the provocation: Today, the relations with Cuba are actually facing a kind of "freeze" shortly after having been resumed.

A "freeze" achieved in the midst of the most variegated pressures, which were brought to bear not only by meddlesome right-wing sectors, but also by other governments and through special emissaries. This is a good beginning for an interview which, by no means confined to the reason that the Cuban Vice Foreign Minister, Ricardo Alarcon, was in Quito, deals with the current issue: the "Reagan era" and the new destiny of Latin America.

The 'Good Offices' of Two Embassies

[Question] Vice Foreign Minister, the Cuban Government has denounced the participation of diplomats from third nations in the conflict related to our headquarters in Havana. On the other hand, it is known that Mr Huber Matos' "public relations" during his visit to Quito were similarly handled by certain embassies. What more could you add in this regard?

[Answer] The use of Huber Matos and his activities here in Ecuador are proof that there was a conspiracy behind all this, a conspiracy led by the CIA which, therefore, is not the act of an autonomous group. On this occasion, Matos was nothing

but an agent from that Agency, and his trip was obviously planned and organized. Matos came to perform a certain task in Ecuador, and I know that he acted here with the cooperation of two embassies to arrange the interviews and all his public, official and private activities. That in itself is obvious proof that he was acting on behalf of others, and that others were in a position to act on his behalf. And there must be many witnesses in this country among those who made the calls to request or arrange interviews with him.

[Question] Vice Foreign Minister, could you tell us which embassies those were?

[Answer] Yes. They were the embassies of the United States and Venezuela.

(It should be noted that Foreign Minister Barrera Valverde himself, in one of the interviews cited at the beginning of this article, mentioned the fact that "some embassy" had called him to arrange Matos' visit. He did not specify which one. The Ecuadorean Government has spoken a great deal lately about the "interference in internal affairs" on the part of other countries. The action of the North Americans and Venezuelans is very clear evidence of the fact that they assume the right to interfere in our internal affairs, particularly when one considers that Matos did not hesitate to state that his mission was one of applying his offices to foster the break in relations with Cuba. Could "notes of protest" have been sent to those embassies?)

'Seeking the Blockade'

[Question] Vice Foreign Minister, all this leads to the conclusion that the dispute between Ecuador and Cuba is included in the action undertaken by the White House, and is merely the implementation of the new North American foreign policy. In the concrete instance of Cuba, which is one of the top priorities of the Reagan administration, how does your government analyze the essence of that foreign policy?

[Answer] It was already clear earlier that the team which is now in the White House would attempt to carry out a more aggressive policy toward Cuba, as part of an international policy which disputes the easing of tensions, and seeks to achieve military superiority for the United States and to retrieve an alleged "authority" and "prestige."

During the election campaign, it was obvious that the Republican platform was very aggressive. They even went so far as to propose a naval blockade of Cuba and direct military intervention in the area. In that context, the 4 November elections in the United States have a very clearcut international significance, with results that are inevitable. A team has come to power which represents the most reactionary positions in the United States, with a platform that could not be more dangerous to the Latin American nations and to the entire world in general, not just to Cuba.

We must clearly understand which groups within the United States promoted Reagan's candidacy. They are the ultraconservative groups, which uphold a reactionary position in the areas of politics, religion, civil rights, etc. These groups, moreover, feel emboldened and encouraged by the election results, and are far more active now than they were previously. And it is precisely their systematic campaign to defeat the more liberal elements, and not only in the Senate, which makes it possible to anticipate the significance of President Reagan's administration.

It is under these conditions that we must observe how a phenomenon that is very serious to mankind is occurring again in the United States: the inability of the leading groups in that country to assimilate the changes that are taking place in the present-day reality, the changes that are taking place around them in the world. And there are two possible positions with respect to the revolutionary changes: one is that of trying to be realistic and to gear oneself to those changes; and the other is that of attempting to interpret those changes in a spurious manner, in a way that would lead to very dangerous conclusions.

[Question] There is every indication that Reagan has opted for the latter....

[Answer] Yes. This second tendency, which makes one resort constantly to attempts to explain the revolutionary changes as the result of the conspiracy, the action of sinister forces of "international communism" or the "Red peril." This kind of reasoning which, rather than encouraging the more realistic elements in the North American society that are trying to find an adaptation for the United States to the world which is increasingly less in the image and likeness of what imperialism would like it to be, on the contrary, encourages those who will always try to believe that what has been done is improper action toward those "dangers" and, hence, that it is necessary to be more forceful, and harder.

In this way, one reaches conclusions as absurd as that of Reagan himself, when he said that the mistake was not becoming involved in the Vietnam war, but rather not having won it. If that concept had been applied during those years, if he had been president during those years, and with that philosophy, the war in Vietnam would have continued, because there would have been more North American troops, and more armament....

But the world has continued to change, particularly Latin America. We have the situation in El Salvador, and in Guatemala, and the entire advancement of the revolutionary movement in Central America. And the same dilemma is posed again: either try to acknowledge that reality, and gear oneself to it, or again seek the classic, ultra-conservative position, which entails doing what is being done in this instance: sending more arms and more advisers, to convert El Salvador into a second Vietnam. And, in order to achieve that, more aggressive positions must be assumed against Cuba, against Nicaragua, against Grenada...against everything progressive that exists in the Latin American continent; to tighten the screws more, and have far more control over the situation.

The First Action

[Question] In that regard, have destabilizing actions against Cuba occurred already?

[Answer] I think that one action in this direction is the matter of the embassy of Ecuador. Furthermore, there has been a far stronger rhetoric, a systematic propaganda campaign against Cuba. They are again trying to promote our country's isolation, and they are pressuring the United States' Western allies to achieve a reinforcement of the blockade and to bring about their allies' more effective adherence to their policy.

For example, there is currently a discussion in Geneva of the final results of the meeting of the Trade and Development Board which, in addition, must decide upon the

location for the next UNCTAD [United Nations Conference on Trade and Development] Conference in 1983. Based on rotation, the site must be Latin America, and the only Latin American country that has offered to serve this purpose is Cuba. However, the United States has already said that, if the conference is held in Cuba, it will not attend; and it is pressuring UNCTAD not to approve this invitation. That is another concrete example of how they are attempting to reinforce the blockade against our country in the diplomatic realm.

Moreover, there is the increase in the spy flights over our territory, and in the propaganda that the United States spreads through the news media which enter our country freely: radio programs with an obvious intention of fostering subversion, even giving an image of alleged subversive movements claimed to be operating in our country.

And there is, of course, the entire policy against Cuba that the United States has been implementing with respect to El Salvador. It is that domino theory which is part of what we analyzed previously concerning the inability to understand the changes that are taking place on the continent. In that regard, Reagan and Haig, in discussing the revolutionary "threat" in El Salvador, claim that they must go "to the roots of the problem," that what is happening in that country is associated with Nicaragua, and goes beyond, as far as Cuba.

[Question] One of the very arguments put forth by Reagan to justify his belligerence against Cuba is the charge that Cuba, along with other countries, is supplying arms to the Salvadoran guerrillas. What is the Cuban Government's response to that assertion?

[Answer] This accusation has several goals: on the one hand, to depict the Salvadoran guerrillas as if they were not a truly autochthonous movement flowing from the Salvadoreans' own reality, from their own history. So they refuse to understand that it is impossible to reduce this to the results of a capricious action on the part of anyone, with an origin dissociated from that reality and that history.

Moreover, to impose a smokescreen, so as to allow them, of course, to provide anything that occurs to them by way of military equipment, including advisers and increasing numbers of Yankee military personnel. It should not be forgotten that, after all, what is being discussed is an alleged Yankee arms traffic to El Salvador, arms which if they are possibly accessible to the revolutionaries of the world, are so precisely because the Yankees have flooded the globe with weapons to repress the liberation movement and to back the antirevolutionary causes.

I don't want to make predictions, but some day there will be talk of North American arms sent to El Salvador during the 1980's which showed up somewhere on the globe because "a communist regime" sent them there. But let us go to the heart of the matter. From an ethical standpoint, one would have to ask what right they have to engage in that business and to tell others that they cannot do so. What right does the United States have to be the arms supplier of any fascist, or any reactionary of any kind that exists on the globe, and to deny the revolutionaries, the patriots, the opportunity to fight that repression?

By saying this, I do not mean that what they have claimed is true. But I definitely do not agree that they even have the right to make the accusation; because they do

not have it. They are not superior to anyone, and there is not a morality for the Yankees and another one for the other nations. However, that is not what is important; what is important is the use, and the aim of that campaign.

[Question] Vice Foreign Minister, with regard to those charges, what is your opinion of the negotiations held by the Reagan administration in Europe concerning El Salvador?

[Answer] They proved absolutely nothing. The famous State Department documents do not constitute in any way evidence that anyone has given anything to anyone. There is no evidence in those documents of the alleged assistance from the -- or countries. The proof of this is that almost no one in Europe accepted them --

They used that as a tool for a great international campaign of pressure on their European allies and certain Latin American countries to make them accept greater Yankee interference and to justify the shipment of more Yankee arms and personnel to El Salvador. However, the response was clearly opposed to the North American policy, and there was no acceptance in Latin America for the Yankee plans. They did not succeed in convincing anyone with that accusation. What they achieved was the creation of an atmosphere within the United States as well, to justify the delivery of millions worth of weapons.

And what more have they gained? In the United States, there is already beginning to be talk about El Salvador, and concern is being aroused among the North American population which may find itself again drawn into a Vietnam-type conflict. And what I have just said is so true that now the Yankee administration is attempting to lower the tone of the statements about El Salvador, so as not to give the impression of great risks.

A recent editorial in THE LOS ANGELES TIMES stated that the entire North American administration is to blame for this situation, that no one would have spoken in this manner if it had not been for the fact that it became the main issue of foreign policy, with the daily statements by Haig and his emissaries all over the world to explain the El Salvador situation. And the editorial concludes by saying that this is a conflict from which they will not emerge by sending more military equipment and advisers to a reactionary junta, but rather that they must help to make that junta change politically; because, it notes, many juntas were backed in Vietnam, and the results were obvious.

The Possible Consequences

[Question] In your opinion, what might be the significance of the claims made by several officials of the Reagan administration to the effect that its policy, unlike Carter's, is not "the defense of human rights," but rather "the battle against terrorism"?

[Answer] I think that this demonstrates a new policy toward Latin America, which has some very clearcut implications. There is a complete abandonment of the policy which the Carter administration, and that of Kennedy as well, carried out, in the direction of encouraging certain changes, even though superficial, in the political structures of the Latin American countries, and of favoring civilian regimes as opposed to reactionary tyrannies which, in the case of Kennedy, were proliferating during the 1950's.

With Carter, that situation was repeated, and that policy was reflected in certain limitations on the policy toward Chile and toward Bolivia. Now, however, it is quite clear that what is most important to the United States is the degree of adherence that a regime might have to its interests, and not the nature of that regime. Therefore, the plans, or the line calling for encouragement of a certain type of institutional image in certain Latin American countries has been abandoned, which is inevitably encouraging all the right wing sectors, both military and civilian, in all the nations of the continent. Those sectors feel that they have the green light to seize power, because the United States will not try to change the situation in any countries, but rather will seek a greater loyalty from those regimes, and the strategic defense of its investments in the area, overlooking everything else.

To some extent, we are also confronting two classic types of North American policy: one, the alleged messianic action of promoting what is best, of exporting the image that the United States assumes is one of ideal democracy; and, on the other hand, the different one, which is rather pragmatic and rather narrow, viewing Latin America merely as a millionaire strategic reservation, which is suited for being exploited in the best possible manner. And it is for this plan that they need more loyal and more faithful servants.

That view seems consistent with the total revision of Reagan's policy and the way in which they are attempting to thwart the progress of revolution in Latin America. There are individuals in the Yankee administration who reproach Carter for having held a position that did not favor Somoza up until the last minute. The historical fact is that they did everything possible to save Somoza, and when they could not do anything else, when the repudiation was already widespread on an international scale, and the plan for intervention of the then secretary of state, Vance, had failed, they had to admit that they could not continue to back Somoza. That was Carter's policy, and if one analyzes it from the standpoint of North American interests, under those conditions, Carter did not have any other choice left.

However, there are individuals, such as the American ambassador to the United Nations, who is a theoretician of the North American extreme right, that still continue to believe that not backing Somoza was a mistake; and that position is in keeping with the nature of the new administration. This means that all the rhetoric about human rights which took place on a wide scale during the Carter government will now be replaced by a propaganda campaign against the progressive governments, to slander them or discredit them. And at this point it should be recalled that, to Mr Haig, a terrorist is anyone who wants to change the state of social and political organization in any part of the world. And in order to combat terrorism, as they interpret it, it is necessary, among other things, to violate the human rights of millions of people all over the world.

And Internally?

[Question] In your opinion, what consequences could President Reagan's foreign policy have inside the United States?

[Answer] As I mentioned earlier, the concern that El Salvador could produce a Vietnam-type conflict has been spreading within the United States. But, in addition, no one as yet has a clear notion of how Reagan is going to manage to solve that country's

problems, how he is going to cope with the tremendous challenge that he has in the area of the United States' domestic economy.

For example, no one knows how he is going to succeed in keeping all his electoral promises, how he is going to achieve a balanced budget while simultaneously increasing the military spending, the spending on weaponry, by astronomical figures. It must not be forgotten that, in order not only to increase the Defense Department budget, but also to finance the sending of more advisers, more equipment and more military aid, where the reduction in spending will be is in the area of social security, and benefits for the family, the unemployed, the elderly, children, etc. And that will cause greater internal opposition and more dissatisfaction among the masses.

Furthermore, up until now it has been very easy to blame Carter for everything. But what will happen when, as will inevitably occur, they are unable to stop the Salvadoran revolution, or to halt the changes, and when they cannot solve the problems of the North American economy either?

It is no coincidence, in this context, that shortly after this interview was held, the news agencies announced that Reagan had been shot down on a Washington street, while the most recent polls revealed that the popularity of the brand new North American president had dropped from 66 to 24 percent in only 2 months of administration: a symptomatic record if one considers the fact that the "Reagan era" has just begun.

2909

CSO: 8148/1142

STRATEGIES TO STRENGTHEN ANDEAN PACT LAUNCHED BY MEMBERS

Quito EL COMERCIO in Spanish 15 Mar 81 p 1

(Article by Eliodoro Aillon)

(Text) The Andean Pact Commission has begun to take steps to advance the process of subregional integration. According to opinions expressed in government circles and private sectors of the member nations, the pact is facing the moment of its greatest test due, above all, to factors of a political nature which have aggravated a crisis which started in the economic field.

While the temperature of the political disagreements in the subregion is starting to go down, the members of the commission are now traveling to the member nations in order to discuss at the highest level means of lowering tension not only in the political but also in the economic field, where there are complaints about lack of compliance with decisions and protests over "the meager benefits the pact has produced," according to merchants in most of the member countries.

However, the greatest difficulty in this field could arise as a consequence of the diversity in the economic systems in effect in the countries of the subregion. This fact has made it difficult to arrive at a consensus on the problem of the Common External Tariff [AEC]. This agreement should have gone into effect more than a year ago but the differences noted above have kept the problem merely at the discussion level.

According to observers of the process, the danger that the disagreement may deepen as a result of different economic policies, as occurred in Chile in 1976, could take place with regard to Peru which has started to liberalize its economic mechanisms, expanding the free market and the free play of private enterprise.

They say that if those mechanisms are carried to an extreme they might reach a dangerous level of incompatibility with the policy and the plans of the pact which contain provisions for the protection of the economic development of the subregion.

However, Pedro Carmona, member of the commission, denies that possibility, first, because the Peruvian process, he says, will not reach such extremes. But he pointed out that the Chilean case would be very unlikely to arise in the pact because, at this stage of the process, one can already speak of an Andean model of development.

He said that between the extreme protectionism which characterized earlier periods and exaggerated liberalization, the Andean model has taken a position in the exact center in order to bring those tendencies into equilibrium. In this sense, all its mechanisms should have sufficient flexibility to allow for these different tendencies up to appropriate limits, within which the interests of the member countries coincide.

The AEC, one of those mechanisms, is being conceived within that philosophy because it will have upper and lower limits between which the policies for the protection of the products of each member country can be set at a higher or lower level.

The Peruvian Jose de la Puente, another member of the commission, after recognizing the need for a readjustment of these mechanisms and for new alternatives to assure continued progress, maintains that the Andean countries must adapt their economic policy in accordance with the process, which is basically dynamic. However, when he refers to the restructuring of the pact, de la Puente explained that it does not mean a substantial change of the fundamental objectives but an adaptation to the circumstance the subregion is now experiencing.

However, the so-called Andean model, for analysts such as Luis Alberto Rangel, an eminent Venezuelan economist and politician, is incompatible with the objectives for development of the member countries of the subregion because the world market, he says, grows very slowly. This has forced the great powers to keep available a sure area where they can market a certain quantity of goods.

According to Rangel, this will lead to a new international division of labor in Latin America "since as Washington improves its traditional industries and develops other manufacturing sources, Latin America will specialize in activities which will not compete in price with this new arrangement of things by the United States and other developed countries."

In the opinion of the Venezuelan analyst, under that arrangement Latin America will produce raw materials to which it will add export products such as steel, basic petrochemicals, light metals which have already been processed, machines, shoes, textiles and food.

He emphasized that this new division of labor is not compatible with the Andean Pact because in order to survive it would need a considerable degree of independence from the centers of world power which is impractical under the present arrangement.

9204

CSO: 3010/1080

NEW BOLIVIAN AMBASSADOR TO PERU ARRIVES

Lima EL COMERCIO in Spanish 16 Mar 81 p 4

[Text] Jorge Escobari Cusicanqui, the new ambassador accredited to our government by Bolivia, pointed out that Peruvian-Bolivian relations were never broken off and that his presence in Lima will serve rather to strengthen and solidify them.

"It is a pleasure for me to arrive here in Peru, which I consider as my own country, as a sister country," he said with emotional words at a press conference at the international airport.

He explained that relations with the Andean Pact [PA] were never in a state of paralysis. But he clearly warned that "the new direction the countries are taking, not wishing to form isolated blocks, oblige the PA to make decisions to eliminate tendencies toward political categorizations."

He admitted that because of its geographic location Bolivia is a bridge country which needs the PA, the Amazon Basin Pact and the Plata Basin Pact but he insisted on the need to "eliminate inequities and the disruption of relationships in order to arrive at integration."

He denied that Bolivia is trying to analyze the institutions which the PA has given rise to (Andean Parliament and others) and to reject them. He remarked in conclusion that integration is necessary, without blocks or isolation.

In other replies to the series of questions by the newsmen, he said that the delay of some governments in recognizing the Government of Bolivia is due to misinformation and disinformation. But that once this problem has been overcome recognition should come very shortly thereafter. He pointed out that the great powers must realize that the existence of inequities and the disruption of relationships block peace. "Peace should be promoted without political distinctions," he said.

Ambassador Enrique Arevalo, director of protocol of the Foreign Ministry, gave him a cordial welcome in the name of the Peruvian Government.

Years ago, Escobari Cusicanqui was ambassador to Lima and he has held the high office of foreign minister in his country.

9204

CSO: 3010/1080

FOREIGN MINISTRY COMMENTS ON STATUS OF RELATIONS

Relations With Thirty-Six Countries

La Paz PRESENCIA in Spanish 26 Apr 81 p 11

[Text] As of last week, Bolivia had normalised its relations with 36 countries, in view of the fact that, ever since 17 July 1980, most of the countries that used to maintain diplomatic representatives in this country have displayed obvious caution toward the new government established on that date.

A Ministry of Foreign Affairs report reveals that only three nations had at that time announced their intention of maintaining normal relations with Bolivia: Argentina, Nationalist China and Brazil. A month later, it began to be evident that the rest of the countries were gradually declaring themselves in favor of the normalisation of relations.

Up until July 1980 35 countries with embassies and diplomatic offices in La Paz had officially accredited representatives in Bolivia, 17 countries had representatives with offices in Lima, Buenos Aires, Santiago and Brasilia, and eight international organisations, like the United Nations, the Organization of American States, international financial organisations and others were represented.

Changes

Changes in recognition accorded the Bolivian Government since 17 July can be seen in terms of the following chart:

1. Argentina	29 July 1980
2. Nationalist China	29 July 1980
3. Brasil	29 July 1980
4. Paraguay	30 July 1980
5. Israel	30 July 1980
6. Arab Republic of Egypt	31 July 1980
7. South Africa	31 July 1980
8. Uruguay	1 August 1980
9. Korea	7 August 1980
10. Guatemala	7 August 1980
11. The Philippines	7 August 1980
12. Suriname	7 August 1980
13. Malaysia	7 August 1980

14. Finland	19 August 1980
15. El Salvador	22 August 1980
16. Mexico	25 August 1980
17. Indonesia	27 August 1980
18. Switzerland	5 September 1980
19. Spain	9 September 1980
20. GDR	15 September 1980
21. Hungary	16 September 1980
22. USSR	20 September 1980
23. Czechoslovakia	22 September 1980
24. Sweden	25 September 1980
25. India	25 September 1980
26. Colombia	
27. Turkey	26 September 1980
28. Japan	14 October 1980
29. FRG	28 October 1980
30. Thailand	29 October 1980
31. Iraq	29 October 1980
32. Costa Rica	10 December 1980
33. Great Britain	15 February 1981
34. Peru	17 February 1981
35. Belgium	31 March 1981
36. The Vatican	24 April 1981

In Process

Shortly after assuming office, Foreign Affairs Minister Mario Rolon Anaya defined a process of normalization of relations which would aid in ultimately returning Bolivia to the diplomatic world. He said that there would be five phases, the last of which will consist of an exchange of ambassadors.

The minister of foreign affairs explained that, if there are official communications between two countries, mutual cooperation programs and economic relations are permanently activated, the situation should be considered to be normal.

According to the authorities, there are still four American nations involved in this process which have traditionally maintained cordial relations with Bolivia: The United States, Venezuela, Panama and Ecuador.

A month ago in an official analysis of the state of the country's diplomatic relations, it was recommended that American observations regarding the drug traffic "be taken into account" to obtain a normalization of relations with the United States. The government has launched a campaign against this illegal activity through mobilization of the Armed Forces.

Those European nations which formerly maintained relations with Bolivia but have not yet normalized them are: France, Romania, Yugoslavia, Austria, Italy, Poland and the Sovereign Military Order of Malta.

Relations With Africa Sought

La Paz PRESENCIA in Spanish 26 Apr 81 p 10

[Article: "Ministry of Foreign Affairs Discusses Foreign Relations"]

[Text] During its weekly meeting held yesterday, while evaluating last week's operations, the Ministry of Foreign Affairs discussed the current state of the process of normalization of foreign relations and the next conference of foreign affairs ministers from the developing countries, to be held in Venezuela.

Regarding normalization of relations with the Vatican, Foreign Affairs Minister Mario Holon Anaya expressed his satisfaction with the matter. He referred to the prestige the Holy See enjoys, which he described as one of the most cautious and intelligent states in the world context of nations.

In the report he provided at the working session, attended by undersecretaries, general administrators and staff personnel of the Ministry of Foreign Affairs, the foreign affairs minister said that the new situation created by this normalization of relations "is paving the way to a reality at the international level" and that the Vatican's attitude could determine the same behavior on the part of other nations.

He anticipated that his office would be charged with establishing diplomatic missions in Africa. He noted the active status of the African countries in the United Nations and said that Bolivia cannot remain on the sidelines in direct relations with those countries because of various factors and reasons that coincide with Bolivian reality.

The circumstances surrounding the next conference of foreign affairs ministers from the developing countries, which is to be held in the Venezuelan city of Caraballeda, were also evaluated. Bolivia will be represented. Minister Holon Anaya stressed the fact that he had received a personal invitation from Venezuelan Foreign Affairs Minister Alberto Zambrano, to whom he replied accepting the invitation.

He reported that Bolivia's new charge d'affaires in Caracas, Armando Loayza Mariaca, has gone to the site of his office, entrusted with the specific mission of participating in the Venezuelan preparations for the above-mentioned international conference.

Holy See Establishes Relations

La Paz PRESENCIA in Spanish 25 Apr 81 p 1

[Text] Diplomatic corps greets minister of foreign affairs.

The Holy See has normalized its relations with Bolivia. His Holiness' papal nuncio, Monsignor Alfio Repicarda, dean of the diplomatic corps and acting as its representative, offered his greetings to Minister of Foreign Affairs Mario Holon Anaya during a ceremony held yesterday in the Hall of Honor at the Ministry of Foreign Relations.

"Relations between the church and the Bolivian Government have been normalized," His Holiness John Paul II's nuncio declared, after noting that these relations had not been normal. He added that now they have been normalized and he hoped that the new situation would favor the work the church is accomplishing in Bolivia, since that country is at present going through a period of expansion.

After confirming the new situation and reporting that he had received a visit from the papal nuncio on Thursday, Minister of Foreign Affairs Mario Holon Anaya expressed his approval of the normalization of relations which is in keeping, he said, with "the Catholic vocation of the Armed Forces and the people of Bolivia." He explained that the normalization of relations between countries is part of a process which flows from the activation of plans governments promote and that the exchange of ambassadors is merely a formal aspect of this.

Formal Greeting

During a ceremony held at the Ministry of Foreign Relations, the accredited diplomatic corps in La Paz greeted Minister of Foreign Affairs Mario Holon Anaya. As dean of the diplomatic corps, the papal nuncio in his speech emphasized the fact that the Easter celebrations invite understanding and brotherly love. "This occasion seems to me to be propitious," he said, "for expressing a desire for tranquillity, prosperity and peace to the noble people of Bolivia." He said the real justification for any policy is to serve people since, "whether national or international, political activity stems from people, is carried out by people and is for people, in terms of real individuals and the dignity of human beings."

He referred to the contribution countries can make to jointly tackle mankind's major problems, one which strives for justice, progress and peace, which permits the development of peoples and the collaboration of human beings. He said: "This lets us sense the responsibility entailed in the mission that has been entrusted to us, which is not limited to defending the exclusive interests of our own countries, but is also devoted to striving to find and promoting formulae and solutions of mutual benefit, common interest and universal validity."

"We are aware," he added, "of the responsibility incumbent on us, always to be exercised with absolute respect for the sovereignty and independence of the country that harbors us," going on to say that he had found in the minister of foreign affairs "competence, understanding and help in the accomplishment of our task." He said that the minister's natural talents "offer us the most favorable conditions for the development of our activities."

Minister of Foreign Affairs

As for the minister of foreign affairs, he said that the government "has, in a historical period of enormous and difficult national reconstruction, with the heroic perseverance of the Bolivian people resumed the task of overcoming a dependency that is a historical adversity, but also the exploitation and vilification of two-thirds of mankind."

"Allow me to say," he said, "with the same evangelical bliss of poverty, which is a kind of spiritual wealth, at a time when, moreover, merely through having contributed to the prosperity and development of other parts of the world, that we

countries that are still caught up in the process of development right in the middle of the 20th century aspire to the same Easter resurrection that is flourishing on our Bolivian soil, which is so frugal, so simple." After referring to the importance of human beings, he spoke of the dignity of people, who in the world we live in "can no longer continue to be forever enslaved."

"For us," he added, "who only want to exchange offensive dependencies for invigorating interdependencies, relations among nations must be more open, more dynamic." He stressed the importance of dialogue and said that this is not a time of isolation, "nor of medieval blockades," and referred to the government postulates of 17 September 1980 which declare an open-door foreign policy with all the countries in the world, one of international solidarity and respect for the OAS Charter which sanctions respect for the free self-determination of the peoples of the world.

He called on the peoples of the world to exhibit solidarity and sincere and active understanding, saying: "We have a close, fraternal rapport with the nations of the Americas and, as a country open to contact with others, one of open brotherliness, we say that integration has to do with our nature and destiny too."

11,466

CSO: 3010/1281

PAPER ASSASSES GARCIA MEZA'S PERFORMANCE

La Paz PRESENCIA in Spanish 23 Apr 81 p 2

[Article: "Balance Sheet"]

[Text] Even if only rapidly so, it is possible for us to review the stages the present government, which is responsible for representing the Armed Forces, has gone through during its first 7 months of operation. This is no doubt a short space of time and does not permit us to evaluate aims and results, but rather unfulfilled promises. Without underestimating the long-term objectives, what is of importance in the leaders' platform are the efforts that have been made, those that have a bearing on the facts and the course of everyday reality.

But this is the proper time to establish the fact that the government's efforts are based on its authority, which constitutes a kind of prestige that differs from force and violence, but also on the laws, because people must be subject to a legal order and not to the whims of high authorities or intermediate officials. A government's strongest support lies in the law, which is the standard on the basis of which national coexistence can evolve. It constitutes the rules of the game which are indispensable to the effective ordering of any society.

During the 7 months that have passed since 17 July 1980, a number of developments of unequal importance have occurred. Everything that could be truthfully and reflectively said about the former regime was maintained in these columns at the appropriate time when the players in that troublesome maladministration were at the peak of their power. Now all that belongs to the past.

The present government came into being to correct the errors of the former one, to combat penetration by dogmatic Marxism and the intrusion of foreign interests in domestic affairs. This objective has been pursued with unflagging energy. But the government has not succeeded in checking the effects of the propaganda politicians are disseminating abroad. Most of the efforts made by official agencies have been aimed at displaying an image for domestic consumption at a time when they were needed beyond our borders. Consequently, projected abroad, the national image has not changed much. And it has not been explained why an action has not been carried out which should have been recommended, namely the sending of employees of our accredited diplomatic service to nations with which we maintain or have maintained very close relations.

With the exception of a few nations, the level of relations with many countries has not been reestablished. To be sure, relations have not been broken off, but they

have been reduced to a minimal level. In some cases, technical assistance programs have been suspended.

we cannot ignore the fact that for this reason and because of the U.S. attitude the country's economic situation cannot be described as normal. There are difficulties which, for the present, are serious but perhaps not hard to resolve. It is true that we continue to export goods that are indispensable in terms of providing work for and feeding the people, and that we also export minerals and metals. There have been no unfavorable changes in this sector.

In our judgment, many promises, such as those involving the promotion of a program for the implementation of moral values, are still no more than words. They said they were going to put a stop to smuggling and it is possible that illegal trade may not have been completely eliminated and that this is why developments in this domain have been somewhat less than victorious. And not because this might affect the manufacturing industry, which is largely on the rocks or, as they say, in a state of permanent incipience, but rather because of the damages it inflicts on the national treasury and on our morale. If there were no other evidence, it would suffice to cite the case of the "sensational automobiles," whose owners have received special consideration, such as granting them various kinds of terms.

One positive bit of information is that the government has announced that the country will be institutionalized.

11,466
CSC: 3010/1281

OFFICIALS REACT TO DRIVERS' PUBLISHED CRITICISMS

La Paz PRESENCIA in Spanish 24 Apr 81 p 9

[Text] (ANP)—Ministry of Transportation and Communications officials have expressed their surprise at the "petition" published in a La Paz morning daily in which the Federation of Bolivian Drivers attacks several government officials and threatens to revise its position with regard to the current regime.

After chronicling the actions engaged in by the drivers "against extremism," the petition, addressed to the president, the ruling junta, Cabinet and Armed Forces ministers, denounces the inefficiency of some officials who have not listened to union proposals, a point which the drivers demand be considered as soon as possible, as well as improvement of the country's image abroad.

Furthermore, the drivers reiterate the fact that they were not consulted in the adoption of decisions on fares and declare themselves to be in favor of the reinstatement of union organizations.

Showing surprise at the ideas expressed in the article, officials consulted on the issue in the Ministry of Transportation said that there was no reason to assume such a position since their ministry has always kept the dialogue open.

Regarding the raising of public auto transport fares, they pointed out that flexibility had been maintained since, with the adoption of economic corrective measures, the only sector whose income was renegotiated was the drivers union, despite the fact that government officials are aware that it is the public in general that has to bear the brunt of the greater sacrifices.

In their public communique, signed by Amado Antelo and other sector leaders, the drivers also refer to the delay involved in the clearance through customs of 220 new buses intended for service in La Paz.

At the Ministry of Transportation they noted that this acquisition was not properly handled. They explained that now the government will exceptionally vouch for it so that the owners can retrieve their property, bearing in mind that a government voucher is only possible when public institutions, not private ones, are involved.

And lastly, the official spokesmen were inclined to describe the National Drivers Federation article as "political."

It was emphasized here today that, since last 17 July and following the deactivation of the unions, the National Drivers Federation, headed by Amado Antelo, and the Federation of Bolivian Farmers, headed by Pascual Cases, are the only two labor organizations in operation.

PRESTES PREDICTS END OF FIGUEIREDO MANDATE BEFORE 1984

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 May 81 p 4

[Text] Communist leader Luiz Carlos Prestes believes the president of the republic "will not finish his term of office," because before then "he will fall from power." He made these statements yesterday on arrival in Sao Paulo to participate in launching the "Slate 2" candidacy for the Sao Paulo Metalworkers Union election, led by Waldemar Rossi, the worker who greeted Pope John Paul II on his visit to Sao Paulo.

"This," Prestes continued, "is typical of imperialism. To the extent that General Figueiredo loses strength, there will be a new movement in the name of 'democracy' which they will call a 'revolution' and which will take responsibility for putting another general in his place. It happened in Cuba, with Batista and Machado. It always happens."

Prestes refused to grant a formal interview to newsmen, but agreed to "converse," so his statements could be used later. In his opinion, the support given by the opposition to the president of the republic in the wake of the bomb explosions in Riocentro "doesn't mean a thing; it will amount to nothing." That is why he refused to express similar support. "The opposition," asserted the former PCB [Brazilian Communist Party] secretary general, "rallied to Figueiredo's side because they were fearful of another coup, which might close the Senate and the Chamber of Deputies. And, after all, the deputies and senators make very good money."

According to the veteran communist leader, all the expressions of solidarity "were made by General Golbery," who, he says, "besides running the government, is now also running the opposition." Prestes mentioned, as "proof" of General Golbery's interference, the meetings held with him by opposition leaders for a direct contact by representatives of the various parties with the president of the republic, "which was ill-advised."

The president of the republic, according to Prestes, "is discredited and does not have the power to track down and punish those who are responsible for the attempted assassination, who belong to the DOI/CODI [Department of Domestic Operations/Internal Defense Operations Center], as has become abundantly clear. I have said it before and I say it again: the roots of the dictatorship are in the bowels of the DOI/CODI, and the government is not investigating it because it is in collusion with it."

Internal Struggle

Luiz Carlos Prestes will not attend the 7th Congress of the Brazilian Communist Party, scheduled for next year, as he believes the current PCB Central Committee already has a "closed position" expressed in the basic document of the congress published this week. In the document, Prestes is accused of trying to "liquidate" and "split" the PCB. Hence, he calls the 7th Congress "a farce" and promises to "denounce it constantly as the farce it is."

The former PCB secretary general defended himself against accusations made by other members of the party that "he refuses to make self-criticism." He argued that "the most important PCB document of recent times is the 'Letter to Brazilians' that I wrote and published and that contains a criticism of the party and of myself. The Central Committee never responded. Every time, in interviews and articles, the Central Committee, instead of giving answers makes provocations and accusations."

8834

CSO: 3001/192

POLL SHOWS MONTORO SAO PAULO GUBERNATORIAL FAVORITE

Montoro--Socialist Party Favorite

Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Apr 81 p 4

[Text] Senator Franco Montoro (PMDB [Party of the Brazilian Democratic Movement]), former Governor Laudo Natel (PDS [Social Democratic Party]), and former President Janio Quadros (PTB [Brazilian Labor Party]) took the first three places, in that order, in an opinion survey on "the electoral receptivity of possible candidates for the post of state governor," carried out by L & C--Pesquisa e Planejamento de Mercado LTDA.

Ordered by Bandeirantes Palace and carried out between October and December of last year, this survey contacted 2,080 literate adults over the age of 18 throughout the state; 359 of them were in Greater Sao Paulo. According to the public opinion survey enterprise, the technique was this: these 2,080 subjects were projected for the "universe" of the electorate of Sao Paulo which, according to statistics from the Regional Board of Elections, consists of 11,037,725 persons, including 5,645,706 concentrated in Greater Sao Paulo.

In addition to the preference for the gubernatorial candidates as such, the survey also indicates the degree of popularity of President Joao Batista Figueiredo, Governor Paulo Maluf, and Prefect Reinaldo de Barros, as well as party preferences.

State Government

Under the heading of "electoral receptivity of possible candidates for state governor," the enterprise presented only eight names to the subjects: Planning Minister Delfim Neto; Senator Franco Montoro (PMDB); former President Janio Quadros (PTB); former Governor Laudo Natel (PDS); former Prefect Olavo Setubal (PP [People's Party]); former National Chairman of the PT [Labor Party] Luis Inacio da Silva Lula; Senator Orestes Quercia (PMDB); and former Governor Paulo Egidio Martins (PP).

Here are the results:

Franco Montoro, 21.60 percent (including 24.98 in the interior and 18.38 in Greater Sao Paulo); Laudo Natel, 16.38 percent (15.75 in the interior and 16.99 in Greater Sao Paulo); Janio Quadros, 14.43 percent (12.32 in the interior and 16.44 in Greater Sao Paulo); Olavo Setubal, 8.46 percent (5.64 in the interior and 11.14 in Greater

Sao Paulo); Lula, 8.45 percent (6.80 in the interior and 10.03 in Greater Sao Paulo); Orestes Quercia, 7.9 percent (10.63 in the interior and 5.29 in Greater Sao Paulo); Paulo Egídio, 4.43 percent (5.87 in the interior and 3.06 in Greater Sao Paulo); and Delfim Neto, 3.32 percent (4.47 in the interior and 2.23 in Greater Sao Paulo). The no-response rate was 15.03 percent.

Acceptance

The "degree of satisfaction with the record of President Figueiredo" emerged as follows: very satisfied, 30.65 percent; little satisfied, 31.10 percent; dissatisfied, 26.43 percent; no opinion, 11.82 percent.

Regarding the record of Governor Paulo Maluf, the picture is as follows: very satisfied, 24.39 percent; little satisfied, 29.44 percent; dissatisfied, 32.12 percent; no opinion, 14.05 percent.

As for Prefect Reinaldo de Barros, the survey was conducted only in the capital. Here are the results: very satisfied, 20.56 percent; little satisfied, 33.45 percent; dissatisfied, 12.89 percent; no opinion, 33.10 percent.

These statistics pertain to "personal action, ideas, plans, and proposals."

Parties

The survey also revealed party preferences, showing the following results throughout the state:

PMDB: 22.63 percent; PDS: 11.19 percent; PTB: 7.42 percent; PT: 5.36 percent; PP: 2.03 percent; PDT (Democratic Labor Party): 0.81 percent; none of the above: 29.82 percent; no opinion: 20.74 percent.

Senator Urges New Political Direction

Brasília CORREIO BRAZILIENSE in Portuguese 28 Apr 81 p 2

[Text] Contrary to former President Janio Quadros, who said that he would not run for governor "because after Mr Paulo Salim Maluf, there will be no more Sao Paulo, nor will there be any government to succeed him," Senator Franco Montoro (PMDB-SP) [Sao Paulo] remains firm in his determination to get into Bandeirantes Palace, which he refers to as "a natural demand addressed to me by the party."

This does not mean that he does not have some reservations about the current government of Sao Paulo which he called "a real disaster." In his opinion, Governor Paulo Maluf "is only concerned with getting ahead himself and forgets what the people need. He started a telephone service in VASP [Sao Paulo Air Line] aircraft when not even the world's richest countries, such as Japan and the United States, have telephones in airplanes. And he does all this at a time when the people of Sao Paulo need food and reasonable wage adjustments.

But in spite of his known reservations regarding the governor's performance, Montoro does not try to base his campaign on a fight against the Maluf administration

"but rather to propose specific solutions for the problems of the population," among which he lists the problems of food, housing, health, and water supply as the most serious.

Confident of winning, the senator counts on the coalition of opposition groups to firm up his election strength. As he sees it, union among the opposition groups is a necessity springing from the current situation "since the state administration wants to divide us and we will succeed in replacing the current authoritarian and centralizing model with a democratic model that fundamentally has popular participation only if we are united."

Survey

According to an election survey conducted between October and December of last year, Senator Montoro was able to win first place among possible candidates for governor of Sao Paulo with 21.60 percent of the votes, followed by former Governor Laudo Natel, with 16.38 percent. In third and fourth places we have former President Janio Quadros who got 14.43 percent and metallurgist Lula and Olavo Setubal, both of whom got 8.45 percent.

After that we have Senator Orestes Quercia with 7.90 percent and former Governor Paulo Egidio with 4.43 percent. Delfim Neto wound up in last place with only 3.32 percent of the votes, including 2.23 percent in the capital and 4.47 percent in the interior of the state.

But more than 15 percent of the persons contacted had not yet formed an opinion. And if these voters were to swing to one or the other candidate, that could bring some surprises during the next election. It was precisely in an effort to avoid surprises that Senator Montoro has already been intensively covering several townships in Sao Paulo, although he does not want to emphasize the fact that he is already running; instead, he is trying to organize the directorates of the PMDB in Sao Paulo.

Looking at the survey conducted by the "Market Survey and Planning Enterprise"--which singled him out as the preferred candidate of the people of Sao Paulo--Montoro does consider it important to the extent that it indicates the characteristics of the electorate of each candidate. "With the help of that survey we can see that I was strong where Janio Quadros is weak, at the same time we found that his statement--to the effect that another survey would have shown that the major portion of his electorate is in the 30-35 age category, in other words, the group that never votes--simply does not hold water. The fact is that he has less votes precisely among the young people."

According to the statistics deriving from the survey conducted at the end of last year, while the PMDB senator got 19.77 percent of the votes of voters between the ages of 18 and 24, former president Janio Quadros was able to get only 10.47 percent; among the voters in the 25-29-year age category, Montoro got 17.53 percent of the votes and Janio got 15.55 percent; in the 30-39-year age bracket, Montoro wound up with 15.79 percent while Janio only got 11.58 percent; and finally, among voters over the age of 40, the former president managed to take the senator's place with 24.42 percent against 19.53 percent of the votes.

Community Alternative

Although he seeks to conduct his campaign by concentrating fundamentally on local problems in Sao Paulo, Senator Franco Montoro assured us that he would not abandon the defense of democratic alternatives for the country precisely because he does not believe in isolated solutions for matters which involve general aspects.

Replacing the current model which "concentrates power, resources, and wealth," what the senator preaches is a community alternative, characterized by decentralization of authority regarding resources through the strengthening of the intermediate communities that constitute the base of the nation.

"It is necessary," he says, "to replace paternalism in government with the responsible participation of the community. Some of the fighting positions in this struggle are the municipal front and the defense of the autonomy of the state, the labor union movement, the actions of the base communities, the associations of residents, youth organizations and scientific community associations, movements in defense of national business, agriculture, ecology, and consumers, cooperativist movements and other forms of community participation."

This idea--which he calls a "new ideology,"--is described by the PMDB senator as an ideal solution for the country's most serious problems whose roots are to be found precisely in the centralizing character of the model of government now in use. At the same time he emphasizes that this centralization of power is being accompanied by a progressive concentration of wealth so that, whereas in 1960, the 60 poorest percent of the Brazilian population shared in the national income to the extent of 23.4 percent, the 5 richest percent got 30.7 percent and the 1 richest percent received 13.0 percent. In 1976, the participation of the 60 poorest percent dropped to 18.5 percent, the share of the 5 richest percent went up to 37.0 percent and the share of the 1 extremely rich percent rose to 17.4 percent.

"That picture reveals the fundamental mistake in the current political model and evidences the need for replacing it with an alternative that is more in line with our real situation and the need for a more just and more human social order. But while we do not accept this government centralization, we cannot accept an individualistic model which, by making competition the supreme criterion of social coexistence, in the end will make all community life subservient to the demand for profit."

Senator Franco Montoro advocates the community alternative precisely as a conciliatory formula between the extremes of government centralization and the individualistic model, starting with the following observation: the nation is not a simple juxtaposition of individuals but rather a community of communities.

"In this way, the community option, represented by a participatory democracy, emerges as a political and social model capable of responding to the contemporary needs for new forms of social coexistence which would promote the process of our effective development and which would respect the fundamental human values of justice and liberty. This is the humanist vocation of Brazil, tied to the Christian roots of our history and it is therefore incompatible with the exploitation of the human masses by capitalist groups or their oppression by dictatorships of any kind."

Unemployment

Among the national problems, the one which has profound implications in his state is the growing unemployment rate throughout the country and that has been one of the main concerns of Senator Montoro. Just last week he addressed the senate twice to analyze the problem which he believes to be one of the most serious in terms of the country's social stability.

In this connection, as chairman of the CPI [Congressional Investigating Committee], which looks into the causes of manpower turnover nationwide, he started a discussion on layoffs at Volkswagen and, more recently, the reduction in the work day proposed by the employers. Labor union leaders from the Steel Workers of Sao Paulo, Joaquim Andrade and from Taubate, Luiz Carlos Ferreira testified before the CPI. The latter reported that, after daily firing some workers, the company assembled the entire work force several days ago to pick those who were to be fired, generating a climate of panic which, as Senator Montoro sees the situation, in Taubate contributed to the agreement to reduce the working day which was passed by only a small margin of the votes cast.

"But it is not fair and it is not even humane to force the worker to pay more and more for all of the utilities and necessities he must have and to accept a situation where the only thing to do is to reduce his wages. This is an unacceptable situation; it is simply absurd that the worker, who did not share in the great profits of the enterprise in recent years, should now be forced to share in shouldering the burden of the alleged losses through a reduction in his wages," added the candidate who now seeks to succeed Governor Paulo Maluf; the senator believes that the state government cannot remain insensitive to this crying injustice which is represented by this attitude that was adopted against the workers.

As Montoro pointed out, the most serious thing is that, out of the total cost of the auto industry, expenditures for personnel payments account for only 6 percent while taxes, duties, and royalties take up the far greater share. This is why he urged the enterprises to inform the state government as to their real positions by asking for a reduction in the interest rates within the financial system and at the same urging a cut in royalties paid to the foreign parent companies for the use of technology.

He believes that the most important step which the government must take--including also the fact that the unemployment problem is not only restricted to the auto industry--involves the adoption of a new policy that would stimulate the creation of job opportunities and in this connection he believes that it is absolutely indispensable to achieve a radical transformation in government criteria and priorities.

"Now, what happened is that the state government was always concerned with stimulating and promoting high-technology undertakings, almost always of foreign origin, and the thing we have to do now is to support activities that use more labor and provide many jobs, such as civil engineering construction, agriculture, the national industry, as well as small and medium business. All of this must be done instead of signing big, high-sounding agreements for the purchase, abroad, of nuclear power plants, radar systems, ships, railroad equipment, and thermo-electric power equipment, as we have just done."

For Montoro, government funds must be applied to stimulate activities that produce popular utility articles and consumer items, such as food, school materials, clothing and medicines "because these items, as a matter of fact, are the real priorities, not the plants, the radars, the luxury cars, or, what is even more absurd, telephones in airplanes."

Here the candidate once again attacks the waste in the Paulo Maluf administration "which has no commitment to the people of Sao Paulo precisely because it was not elected by those people but because he was put in as bionic governor as a result of official arbitrariness." According to the senator, the step taken by the Maluf administration in installing telephones in VASP aircraft is an insult in view of the misery of the people of Sao Paulo, "instead of stimulating the production of beans which are lacking on the dinner plates of our people."

Nor did Montoro forget the celebration on the occasion of the award of medals to various members of parliament, conducted several months ago by Maluf; on that occasion, the governor wasted millions in public funds simply for the purpose of decorating persons chosen on the basis of the sole criterion that--being members of the board of directors that will pick the next president of the republic--they represent votes to be garnered by the man who is already aspiring to succeed President Figueiredo.

"At the same time, Mr Paulo Maluf maintains that he has no money to compensate the farmers and he thus allows the real devastation of that group. While he spends incredible sums of money on his useless projects, he never allowed a salary adjustment for state civil service employees above or at least equal to the rate of inflation."

In Montoro's opinion, the "biggest action" taken by Governor Maluf so far was the attempt to switch the capital to the interior--and that failed likewise. "The fact is that this is a Pharaonic and extremely expensive undertaking which will bring tremendous profits to contractors while it will not contribute to the solution of the people's problems. And the worst of it is that the governor maintains that he has no money to take care of the real needs of the population of Sao Paulo such as water supply, for which we pay an exorbitant price because we have the centralized setup represented by CAPESB."

Candidacy

Sure that his candidacy represents an aspiration of the rank and file of the PMDB, "because the majority of the city directorates are demanding it," Senator Franco Montoro says that he has not yet started his election campaign and that he will do so only after formal selection by the party convention. Likewise, he does not have a running mate "because it is up to the convention and not me to pick the politically most viable name since the people always have the last word through their judgment at the polls."

He likewise does not wish to comment on the possibilities of other candidates, such as Janio Quadros for the PTB, Olavo Setubal for the PP, and Adhemar de Barros Filho for the PDS, "because, as far as I am concerned, they have not been formally tapped by their own parties." But he does consider the results of the latest

election survey, conducted in Sao Paulo, to be quite significant; it put him in first place both in the capital and in the state's interior, leading all of the candidates considered as of new, such as former President Janio Quadros, Minister Delfim Neto, former Prefect Olavo Setubal, former Governor Laudo Natel, metallurgist Lula, former Governor Paulo Egidio Martins, and even another PMDB man, Senator Orestes Quercia.

According to the survey, the preference of the electorate was not confined to the name of Montoro but points to the PMDB as the strongest party in Sao Paulo with 20.56 percent of the votes in the capital and 24.80 percent in the interior. In second place we have the PDS with 8.61 percent in the capital and 13.89 percent in the interior, after that come the PTB (9.17 percent in the capital and 5.59 percent in the interior), the PT (6.39 percent in the capital and 4.28 percent in the interior), and the FP (2.78 percent in the capital and 1.25 percent in the interior). The PDT winds up in last place with 0.28 percent of the votes in the capital and 0.81 percent in the interior. More than 29 percent of the persons questioned sympathized with none of the existing parties whereas 20.74 percent preferred not to respond to the survey because they had not yet formed their opinions.

The survey furthermore disclosed that the PMDB in Sao Paulo is the only party which has more women's votes than men's votes (23.73 percent as against 17.49 percent) whereas the FP, for example, got 4.92 percent of the male votes and only 0.55 percent of the female votes. At the same time, while the PMDB got more support among population category "D" (23.81 percent of the votes), the FP got 13.33 percent of the votes in category "A" against 0.79 percent in category "D."

In terms of educational level among the voters contacted during the survey conducted between October and December of last year, the PMDB received the largest number of votes from voters with a higher level of education; the PDS did well among persons with high school degrees; the PTB got the most votes among persons with an elementary education; the PT was strongest among the group with a higher education; the FP likewise did very well among university-educated people; and the PDT got most votes among persons with a secondary education.

Looking at the most diverse aspects, all of these statistics therefore point to the PMDB and, within it--at least if the current situation continues--the candidacy of Franco Montoro which can be threatened only by two factors: first of all, a breakup of the opposition through various parallel candidacies and, secondly, a PTB-PDS coalition which would strengthen the candidacy of former President Janio Quadros.

But the thing that Montoro says is most in his favor--above all if the PDS were to support former President Janio Quadros--is the Paulo Maluf administration itself "whose support for any candidate would inevitably be a kiss of death."

"Look, I am not running a campaign against anybody. I want to propose complete solutions for the problems of the population of Sao Paulo. But it is inevitable that the disastrous results of the Maluf administration should harm the candidate he is going to support and that would only release a tremendous revolt by the people of Sao Paulo against the inhuman and almost tragic administration of Mr. Maluf."

As for the possibility of a split in the opposition, which would certainly weaken him, the PMDB senator said that he does not believe that this would happen because he is sure that oppositionists in Sao Paulo are aware of the importance of unity in 1982 "to prevent the attempts of the administration to divide us from attaining the desired results."

For all of these reasons, Senator Franco Montoro is confident that he will win and he has not only the political, personal, and party potential he needs, but also one very strong supporting factor--the support given by Governor Paulo Salim Maluf to any of the other candidates.

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PAKISTANI VISIT IN AUGUST GEARED TO ARMS PURCHASE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Apr 81 p 5

[Text] Paraina Valley--A delegation from Pakistan is scheduled to visit Brazil in August for the purpose of buying arms. This was announced yesterday in Sao Jose dos Campos by Mr Farooq, charge d'affaires at that country's embassy in Brasilia, during the visit by a delegation of 30 ambassadors from African and Asian countries to the military factories and the Brazilian aerospace complex in Sao Jose dos Campos. Their visit is being sponsored by the Ministry of Foreign Affairs.

The ambassadors toured the weapons factories in Sao Jose dos Campos throughout the day. Late in the afternoon, they traveled to Campos do Jordao, where they spent the night.

Trade

In the course of an interview granted during the visit to the EMBRAER [Brazilian Aeronautics Company] facility, Farooq explained that Pakistan is a member of CENTO and the Southeast Asia Treaty Organization (SEATO) and that the requirements of its armed forces are met with equipment from the United States and Great Britain, "countries to which we export primary products, chiefly jute, cotton, wool, and skins and hides." But he emphasized that his country is "beginning to follow an agreement signed by the members of UNCTAD, according to which there is to be greater cooperation among the developing nations."

According to Farooq, the new policy to be adopted by his country will substantially increase its trade with Brazil, which exports iron and soybeans to Pakistan. Farooq said: "In the trade balance between the two countries, Pakistan shows an annual deficit of \$80 million." That difference, which he considers "disproportionate," will be reduced in the same proportion that trade increases. With that in mind, a delegation of Pakistani businessmen visited Brazil in February and reached the conclusion that "the biggest problem facing binational trade is ocean transportation, since there are no regularly scheduled lines between the two continents."

Airplanes

The Pakistani charge d'affaires also announced that his country is to sign an order for Brasilia aircraft to meet the demands of regional aviation, but he declined to specify the number of planes. The Brasilia, which is manufactured by EMBRAER, is scheduled to enter the foreign market in mid-1984 in a pressurized 30-seat version

that has already attracted over 120 firm orders, "chiefly from the United States," according to sources at the firm.

During the negotiations with Pakistan, however, EMBRAER is to demonstrate the quality of the Ipanema agricultural plane, since agriculture is Pakistan's principal economic activity. It employs the major portion of the population and is responsible for most of the national income. Pakistan's chief agricultural products at present are wheat and rice and, on a smaller scale, corn, jute, cotton, and sugarcane. With the introduction of agricultural aviation, production could be increased.

But Farooq asserted that "we are gradually becoming industrialized." The most important sector in that transformation is the textile industry, which uses cotton as its raw material. Textiles are followed, at some distance, by jute processing and the cement, chemical, and sugar industries. According to the Pakistani charge d'affaires, "our greatest desire is to sign an agreement with Brazil for an industrial joint venture--you would supply us with the technology, and we would provide the manpower and the huge Asian market."

Schedule

This morning the African and Asian ambassadors will return to Sao Jose dos Campos for more visits, and at 1700 hours they will return to Brasilia, departing from the CTA (Aerospace Technology Center) airport. They were assisted during their visit by the Ministry of Foreign Affairs which, as always, tried to conceal the fact that behind these protocol visits lies the Brazilian Government's determination to expand the sale of military products manufactured in Brazil.

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POLISH FOREIGN TRADE OFFICIAL LAMENTS CONSTANT DEFICITS

Rio de Janeiro GAZETA MERCANTIL in Portuguese 1-4 May 81 p 2

[Article by Miriam Leitao]

[Text] Brasilia--Brazil is a priority partner for Poland. The man who said so is Antoni Karas, deputy minister of foreign trade, who yesterday concluded a visit to Brazil that began on Monday. He announced that the line of credit granted to Poland by Brazil had been renewed, but declined to state the amount, explaining that it will depend on the volume of Brazilian sales to his country.

Karas denied that Poland has fallen behind in payments on the former line of credit granted by Brazil or that he had come to Brazil to renegotiate the maturity dates on that financing. He said he had come to evaluate trade between the two countries and to suggest areas in which exports and imports might grow this year. But neither the Poles nor the Ministry of Foreign Affairs would provide more information about which areas were identified as showing possibilities for increased trade.

One thing is certain, and the deputy minister emphasized this during his lightning press conference on Thursday: Poland wants to export more and is concerned about the constant deficits recorded in trade between our two countries. And its sales of coal and sulfur to Brazil are not enough to reduce that historical imbalance. The deputy minister took part of the blame for that process, pointing out that Poland has never had a program that really assigned priority to increasing its sales. "The new 3-year plan provides specific measures for promoting Polish exports." He said that the plan in question is going to "end the current Polish crisis completely, because it is going to reform the country's economy and accelerate the process of Polish development."

"What invasion are you talking about?" asked the head of the Polish delegation when questioned as to the risk of Soviet intervention. He said the West is creating an unnecessary climate of tension in the world by insisting on the possibility of invasion and even "counting the minutes until the Soviet Army enters Polish territory."

The deputy minister said that Poland continues to be interested in increasing its trade and its economic relations with all the Western countries. Proof of that--according to the minister--was the renegotiation of the country's foreign debt, which was completed a few days ago with the principal Western powers. To a reporter who asked him whether the solution for socialism is to follow Poland's example by separating the worker movement from the party, the deputy minister said that the leading role of the CP is not challenged by any union in Poland.

YUGOSLAVIA SEEKS CLOSER TRADE RELATIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 81 p 5

[Text] Belgrade--The death of Marshall Tito--the first anniversary of which will be next Monday--did not change the policy outlined by him, seeking closer relations with Third World countries and freeing itself from ties to superpowers. Within that context the Yugoslavs want to strengthen their relations with Brazil, believing the latter country, because of its size and potential, cannot much longer be kept out of major world decisions in either the economic or the political area.

According to a high-ranking member of the Central Committee of the League of Yugoslav Communists, his country is convinced that from now on Brazil will always have an influential word in world decisions. The reasons given by this Central Committee spokesman are the same that led Yugoslavia, after many problems, to a reconciliation with Communist China. Hence, one of the objectives of current Yugoslav policy is to establish closer relations with Brazil.

Although maintaining excellent political relations, the level of trade is still weak and the Yugoslav authorities hope to be able to increase current interchange. Last year the trade balance between the two countries showed a surplus for Brazil, with Yugoslavia importing soybeans, coffee, cocoa, mineral products and semi-manufactured goods.

In the latest 5-year plan--1981-85--the Yugoslavs stressed the need for more trade with Brazil as a priority effort. This was revealed to us by the director of the Latin American section of the Yugoslav Economic Chamber, George Vujic.

Among the objectives is the effort for complementary Brazil-Yugoslavia activities in other markets, especially Africa and the Middle East. Yugoslav companies are well-established in this region, whereas Brazil is just beginning to establish itself seriously. This effort for association of the two countries by means of joint ventures in other markets is also an objective of other socialist countries of East Europe, including Poland. At this moment there is a Polish economic mission in Brasilia to discuss similar questions. Poland, for example, is furnishing the tracks for the railway that Mendes Junior is building in Iraq. The Yugoslavs are also well established in that country and in the future hope to participate in its development plan, also through an association with Brazilian companies that are there. All these aspects are being studied by the Yugoslav Economic Chamber, which includes about 18 associations and serves as a ministry in that nonaligned socialist country. These associations, following the system of self-management and within the Economic Chamber, analyze the government projects before they are submitted to the parliament.

MISSION TO SOUTHEAST ASIA SEEKS TECHNOLOGICAL COOPERATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 May 81 p 55

[Article by Rosa Dalcin]

[Text] Jakarta--In addition to its political aspects--increased dialogue with Third-World countries--and its commercial aspects--increased commercial exchanges--Brazil's rapprochement with Southeast Asia has other objectives in view as well. Brazil wants to promote a movement for developing a technology proper to developing countries located in tropical regions--one that will be suitable and adequate in terms of their cultural characteristics.

That idea is starting to take shape with the talks being carried on by the Brazilian economic-commercial mission visiting the five member countries of ASEAN: Malaysia, Indonesia, Singapore, the Philippines, and Thailand. The possibilities for technological cooperation between Brazil and those countries are perfectly viable in several fields, since their climate is tropical, they are situated in developing regions, and they have very similar primary economies.

The talks held in Malaysia--the first country visited by the mission--are making that aspiration to create a tropical technology increasingly real. Ambassador Paulo Tarso Flecha de Lima, head of the Trade Promotion Department at the Ministry of Foreign Affairs and coordinator of the mission, has announced that Brazil and Malaysia will soon sign a basic agreement on economic and technical cooperation in three sectors: the areas of dende [African oilpalm] oil, agriculture and livestock, and the industrial technology of alcohol. According to Minister Carlos Alberto Leite Barbosa, head of the Coordination Office for International Affairs in the Ministry of Industry and Commerce and coordinator of the delegation's technology group, "Brazil wants to share its experiences in the technological area with the other developing countries because it considers that such an exchange can accelerate the creation of a tropical technology that is suitable for those countries. This would contribute to greater development in the areas of energy and other mutual interests."

The mission had intended to sign an agreement covering the transfer of technology for the production of dende oil in exchange for Malaysian dende oil seeds, but it did not happen. Even so, Ambassador Flecha de Lima regards as "positive" the results achieved, since he believes that within a short time the negotiations will succeed. A Malaysian Government mission will visit Brazil in October, but the agreement may be signed through the embassies that are being established in the two countries.

In addition to its economic results, the mission will have important and positive political repercussions. Apart from its being the first important government-business mission to visit Malaysia and its neighboring countries, Flecha de Lima also stressed to the Kuala Lumpur government the need for the two countries to be "coherent" in defending the principles of trade relations before international organizations. The mission will emphasize this point in all the countries it visits.

Flecha de Lima believes, however, that the economic results will be more immediate because according to him, the Malaysian authorities were "fascinated" by Brazilian experiences in seeking alternatives to petroleum products, especially the National Alcohol Program (PROALCOOL). They were also interested in the investigations into the possibility of replacing diesel oil with dende oil. Malaysia is the world's largest producer of dende oil, with a production of 2.6 million tons last year and the prospect of producing 6 million tons in 1985. Brazil produces only 17,000 tons, and in view of that difference, Malaysian authorities are afraid that Brazil may become a strong competitor of theirs on the international market if they supply it with the oilpalm seeds. Ambassador Flecha de Lima's "tranquilizing" statements that Brazil will use the dende oil for energy purposes seems to have helped substantially in reducing Malaysian resistance to selling seeds to Brazil.

According to Flecha de Lima, the prospects for cooperation between the two countries are great in the areas of livestock, agriculture, transportation, energy, and manufactured goods.

Flecha de Lima seemed very optimistic in evaluating the results of his visit to Malaysia. In addition to being "fascinated" by Brazilian energy programs, the Kuala Lumpur authorities are interested in acquiring Gir cattle and "closed deals" for breeding them, along with farm machinery and technology for the preservation of cocoa. The ambassador enumerated other Brazilian products that are also of interest to Malaysia: it would like cooperation from Brazilian manufacturers of railroad cars and locomotives in reequipping the local railway. It is interested in Brazilian hydroelectric equipment because it believes that Brazilian firms could cooperate in construction of the 3.6-million-kilowatt Sarawak hydroelectric plant. It is also interested in the acquisition of Bandeirante planes; the continued importation of 800 Volkswagen vehicles per year; the acquisition of copper tubing manufactured by Brazil's ELIMA [expansion unknown] firm, which already operates in the region and signed a 4-million-cruzeiro contract during the visit; the acquisition of iron ore from the Rio Dode Valley Company for a steel mill now under construction; the possibility of exchanging Brazilian sugar for Malaysian rubber in an integrated project; the formation of a joint venture in Kuala Lumpur for the production of tires and other parts with which to equip Brazilian vehicles exported to that country; and the exchange of technology for a more systematic exploitation of Brazilian forests.

Indonesia

yesterday the mission began its contacts in Indonesia, which is interested in acquiring alcohol factories, earthmoving equipment, and energy technology from Brazil. Indonesia is the second ASEAN country to be visited by the mission made up of 52 businessmen, diplomats, and representatives of government organizations. It has been experiencing economic growth based on natural resources, especially minerals and forests. It is the largest country in ASEAN and has a population of 147 million, with a GNP that is growing at an average rate of 6 percent per year. The country,

which last year had a trade surplus exceeding \$6 billion and an inflation rate of 30 percent, is the world's sixth largest petroleum exporter. In bilateral terms, the trade balance is unfavorable to Brazil, whose imports from Indonesia total \$71.9 million and whose exports to that country total \$40.8 million, leaving a deficit of \$31.1 million.

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HISTORY, CURRENT STATUS OF SPACE PROGRAM DISCUSSED

Sao Paulo D ESTADO DE SAO PAULO in Portuguese 3 May 81 p 30

[Article by Flavio Nery]

[Text] The Brazilian Space Program, the most ambitious scientific project ever undertaken by a developing country, is going to make Brazil the fourth nation capable of producing and launching a satellite and maintaining it in space--a technology that at present has been mastered only by the United States, the Soviet Union, and France. The investment, calculated at \$6 billion for the government alone--and not including the investment in research by private organizations and industries--was approved in 1979 by the Brazilian Space Activities Commission (COBAE), an agency directly under the Office of the President of the Republic. That sum is the equivalent of 400 billion cruzeiros.

But a successful experiment in Europe--where a consortium of 10 countries was formed in 1973 to carry out a space program that would reduce the technological distance between Europe and the United States--has now been imitated by Brazil, which last year undertook a diplomatic offensive aimed at awakening the interest of neighboring countries in participating in the project planned and developed by Brazilian scientists. The negotiations began with Argentina in March of last year, when Brig Gen Osmar Domingo Graffigna, commander of the Argentine Air Force and member of the military junta ruling that country, paid an official visit to the aerospace complex located in Sao Jose dos Campos. Those talks continued in May of the same year, when President Joao Figueiredo visited Buenos Aires, and they ended in concrete results last January, when Brig Gen Hugo de Oliveira Piva, director of the Space Activities Institute (IAE), an agency of the Ministry of Air in Sao Jose dos Campos, visited Argentina.

Technical-scientific cooperation in South America is possible and viable because of the worldwide trend toward the integration into single blocs of multinational regions that are close geographically and ideologically. "It is a trend that will prove in the next few years to be one of the marks of the future reorganization of the world's space," said Brigadier General Piva just after returning from Buenos Aires. Talks are continuing with other countries, chiefly those in the southern cone.

The Brazilian Space Program's timetable is definite, however, regardless of the number of partners it may include. It calls for the launching, between June 1988 and December 1990, of four third-generation satellites in which 85 percent of the technology will be Brazilian. There will be a space of 6 months between the first and

second launchings and between the third and fourth launchings--with an interval of 2 years between the first and third. The satellites will be technologically sophisticated and designed to carry thousands of items of electronic equipment whose function will be to transmit data and images to the tracking stations.

Fifteen percent of the technology will still have to come from abroad, but after the four satellites have been launched, the country--or the consortium of countries to be set up--will have acquired the complete know-how for their construction, which it will pass on to national private industry. In this first phase, therefore, only the equipment making it possible to totally absorb the technology will be imported. And by the end of the decade, a commercial offensive will be launched for producing and selling satellites to other countries, thus providing a return on the investment that is now required. In the next decade Brazil--or the proposed consortium--will be in a position to place three "packages" of satellite launchings on the international market per year in competition with the United States, the Soviet Union, and France.

The satellites will be geostationary--that is, they will follow the movement of the earth's rotation, giving the impression of remaining stationary over a particular region. This will make it possible to keep a permanent watch over a single area. The first two satellites will be meteorological (the launchings in June and December 1988). Each will weigh about 120 kilograms and will enter an orbit 800 kilometers above the earth. Their purpose will be to collect data on weather conditions--for forecasting frost, drought, and floods--and meteorological data in general.

New Launching Base in 1988

The government has expropriated an area of 550,000 square meters in the municipality of Alcantara, Maranhao, on the shore of Sao Luis Bay. There it will build a modern base for satellite-launching rockets. According to the timetable, it will be inaugurated in 1988, when the first satellite will be launched. Various ministries and organizations involved in the Brazilian Space Program are participating in the undertaking, in which France will cooperate in setting up a base for tracking the satellites it launches from Kourou in French Guiana.

Barreira do Inferno in Natal will not be deactivated, however; on the contrary, it will grow even bigger and receive new equipment. Part of the new equipment will be for tracking satellites, both Brazilian and those now being planned by the European Space Agency. Barreira do Inferno has been in use since 1964, when it was inaugurated by the Ministry of Air. In the 15 years since then, more than 2,000 rockets designed and developed by the IAE have been launched. Brazilian technology during that period has exceeded expectations to the point that the AVIBRAS [expansion unknown] Aerospace Company in Sao Jose dos Campos last year exported \$20 million (about 1.6 billion cruzeiros) worth of mass-produced ballistic missiles based on the stage of a sounding rocket.

A great number of the items incorporated into the AVIBRAS line were developed by the IAE's Military Systems Division, since a rocket is a transportation vehicle whose load is determined by the user. Its nose cone may contain any kind of equipment, ranging from inoffensive cameras (for mapping the ground) to explosives, including nuclear explosives. After researching, designing, developing, and testing rockets, the IAE passes the acquired technology on to Brazilian private industry for mass production. In the case of AVIBRAS, its configurations are low priced on the world

market--about \$12,000 per unit--and they also have a technical advantage over the competition because of their simplicity, since they can be fired electrically and even with common batteries.

But rockets are not just war material. They are used on a large scale for scientific purposes--in meteorology, for example. Exports may increase over the next few years because Great Britain recently decided to deactivate its Skylark Project. Currently, only Brazil and Canada produce medium-sized rockets for space sounding. The two producers compete aggressively for the large market in the United States, which opens the door to the European Economic Community. Although the commercial battle has so far favored Canada, Brazilian firms have been achieving parallel successes in this sector.

ELETROMETAL (expansion unknown), for example, is producing parts for the landing gear of the Jumbo 747 being assembled by Boeing. The technology was developed at the IAE and required highly resistant alloys obtained through electroslag welding. But the financial benefits to private firms came long before this. Since 1968 the Sao Paulo Thermomechanical Corporation has been exporting highly resistant seamless aluminum tubes that are used in rockets. And the FAB (Brazilian Air Force) has stopped importing similar American tubes, which in the 1960's left a negative balance of \$12 million in our trade balance.

Space Sounding

Research into small rockets began in Brazil in the late 1960's among officers at the Army Technical School in Rio de Janeiro. In 1963, an explosives factory located in Lorena, Sao Paulo began to develop sounding projectiles for the army and navy. After the inauguration of Barreira do Inferno in 1964, the government decided to allocate increased funds to the sector and assigned the task exclusively to the Ministry of Air. Thus emerged the IAE.

That was when the Space Probe Program (from which the rockets get their name of "Sonda" [= "probe"]) began to be developed. It was divided into five projects: Sonda-I, S-II, S-III, S-IV, and the Satellite Launch Vehicle (VLS). Following success with the first project, a series of launchings of the S-II began in 1970. Tests began on the S-III at the end of 1976, and they were completed in August of last year. The first two models were transferred to AVIBRAS for mass production and were given the commercial designation Air-Land Military System (SBAT).

The IAE is currently building the first prototype of the S-IV, which will be launched at the start of 1983. It will have two stages capable of transporting 300 kilograms of useful load to an altitude of 1,000 kilometers. Its launching will make it possible to develop an automatic pilot system, in which the projectile controls its own position in relation to its center of gravity. That is the initial step toward perfecting the guidance system.

The S-IV will be the fundamental unit for development of the VLS, tests on which will begin in mid-1985. Three years after that, the VLS will be ready to place satellites in orbit. The VLS will be 16.5 meters long with four rocket stages, and it will be the summation of all the technology achieved in prior launchings. Research in the Sonda family of rockets was stepped up beginning in 1969, and it gained greater momentum after 1973, when it began to receive funds from the Funding

Authority for Studies and Projects (FINEP) of the BNDE (National Economic Development Bank).

Industrial Solid Fuel Projects

Brasilia--The government has approved two industrial projects in the municipality of Sao Jose dos Campos and is going to finance them beginning next January. The first project involves a plant for polybutadiene under the responsibility of PETROQUISA [Petrobras Chemical Corporation], a subsidiary of PETROBRAS [Brazilian Petroleum Corporation]. The firm will use the facilities of Latin America's largest oil refinery, the Paraiba Valley Refinery (REVAP), located alongside the Dutra Highway. The start of polybutadiene production on a commercial scale is planned for mid-1984.

The other project involves the construction of a plant for ammonium perchlorate under the responsibility of the Ministry of Air. Its inauguration is scheduled for 1983. Polybutadiene and ammonium perchlorate are raw materials for the solid propellants used to fuel rockets, and they will be used in the VLS (Satellite Launch Vehicle), which will place in orbit the first satellite to be developed and built in the so-called Third World.

Brazilian satellites will therefore be propelled by rockets using "composite" solid fuels, the technology for which has been mastered by Brazilian scientists, since they powered the Sonda family of rockets. In contrast to that, modern technology--used by NASA, for example--prefers liquid propellants, which provide more power and are thus appropriate for giant long-range missiles because they provide more thrust and the capacity for improved vehicle control. But they require massive investments and sophisticated technology and are feasible only for large space vehicles. Moreover, it is very difficult to develop a totally domestic technology quickly.

Solid propellants, on the other hand, are more economical for the smaller rockets used to power satellites for applications in low orbits--examples being meteorology, earth observation, and data collection. According to scientists at the IAE, the secret is not in the propellant as such, but in the ideal mixture required for effective performance as the additives are being prepared. These include ammonium perchlorate and polybutadiene resin, which used to be imported but are now going to be produced on a commercial scale within the country. Polybutadiene, for example, has applications in plastics, resins, waterproofing materials, and varnishes--a fact that will help reduce imports.

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CSO: 3001/186

QUARTERLY EXPORT FIGURES FROM CACEX; TRADE OUTLOOK ASSESSED

Manufactured Exports Rise 18%

Rio de Janeiro O GLOBO in Portuguese 9 May 81 p 17

[Text] Data reported by the Foreign Trade Department of the Bank of Brazil (CACEX) show that exports of industrialized products increased only 18 percent in the first quarter and brought in about 60 percent of exchange earnings.

According to official statistics, aggregate exports rose 25.81 percent in the first 3 months over the same period last year, from \$4.117 billion to \$5.179 billion, or about \$1.7 billion per month.

Exports of commodities increased 40.1 percent, thanks especially to soybeans and sugar, while industrialized exports rose only .8 percent.

As explained by foreign-trade experts, to reach the export goal of \$26 billion, a much stronger effort will be needed, beyond "anything imaginable, since sales must reach an average greater than \$2 billion per month from now on."

Official Optimism

Despite the difficulties revealed by the figures for foreign sales this year, CACEX still maintains an optimistic attitude about this year's trade balance.

Thus, in distributing the statistical chart comparing the first quarter of 1981 with that of 1980, CACEX directors made extensive comments about the year as a whole, in a very positive tone.

According to the CACEX analysts, "with the beginning of the 1981 harvest and a sharp rise in foreign sales of commodities, it is believed that we will be able to reach the government goals established for this year and even reach equilibrium in the trade balance by the end of 1981, bearing in mind that on the import side the government's efforts are beginning to be felt, especially in restricting petroleum. Oil imports should be between \$9.5 billion and \$10 billion, including purchase of derivatives."

[See table on next page.]

Major Brazilian Export Products, January-March

Product	1981		1980	
	Thousands of Dollars FOB	Percent of Total	Thousands of Dollars FOB	Percent of Total
Grand Total	5,179,842	100.00	4,117,106	100.00
Metallic ores	495,448	9.56	375,123	9.11
Soybean meal	464,251	8.96	174,064	4.23
Coffee beans	453,307	8.75	404,160	9.82
Transportation material	429,045	8.28	202,378	6.86
Mechanical machinery, apparatus and instruments, and boilers	336,170	6.49	285,767	6.94
Demerara [raw] sugar	191,755	3.70	204,297	4.96
Orange juice	183,027	3.53	119,449	2.90
Shoes, their parts and components	141,255	2.73	97,877	2.38
Crude soybean oil	136,987	2.65	23,264	0.56
Electrical machinery and apparatus	127,963	2.47	90,793	2.20
Other products	2,220,634	42.88	2,059,934	50.04

Source: CACEX/Bank of Brazil

Dim Prospects

Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 May 81 p 12

[Article by Adilam Lorente: "Trade Outlook Is Not Good"]

[Text] Brasilia--Although the trade balance is likely to close the year with a deficit of \$1 billion, compared to \$1.829 billion in 1980, the rise in international interest rates indicates that the nation will spend about \$8.5 billion for debt service (payment of interest on the foreign debt).

This trend of the two major variables of the economy's foreign sector means that Brazil will have to obtain about \$17.2 billion to settle its balance of payments, which is \$2.2 billion more than the most pessimistic forecast approved by the National Monetary Council (CMN) at the beginning of this year.

The CMN approved a budget for this year with three assumptions for settling the balance of payments. The basic difference among them would be determined by the performance of the trade balance. The most optimistic assumes a surplus of \$1 billion--exports of \$26 billion and imports of \$25 billion. The second possibility assumed trade equilibrium, with imports and exports of \$25 billion.

The third assumption, which with the passage of time seems the most realistic, indicates a deficit of \$1 billion, with exports of \$24 billion and imports of \$25 billion. In the first 3 months of the year alone, the trade deficit amounted to \$416 million, forcing the authorities to reinstate the IPI [finished goods tax] export credit to avoid its repetition or worsening in the three following quarters.

For the balance of services, all three assumptions for the balance of payments indicate interest payments of \$6.7 billion and other services (freight, insurance, technical assistance, royalties and remittances) amounting to \$4.3 billion.

The forecast for interest payments now appears to be quite unrealistic, as it was made on the basis of 15 percent per year. During the first 2 months of this year, however, international interest rates have been slightly above 19 percent in the U.S. domestic market (prime rate) and nearly 17 percent in Europe (LIBOR [London Inter-Bank Offered Rate]). There was a slight drop in March to 17 percent and 15 percent respectively, but in April both returned to their previous levels. In May, the prime rate is 19 percent and the LIBOR is 17 percent. Based upon this trend, actual interest payments will be nearly \$8.5 billion, which is \$1.8 billion more than official estimates.

This behavior of external accounts--a loss of \$1 billion in the trade balance and expenditures of \$12.8 billion for services--indicates a current account deficit for this year of \$13.8 billion. This amount, plus \$8 billion needed for foreign debt repayment this year, requires getting \$21.8 billion in currency loans, investments and financing by government agencies and international organizations, suppliers' credits and foreign investments.

Foreign investment in Brazil last year was \$1.2 billion. Despite this figure, the National Monetary Council forecast a \$2 billion inflow this year, counting upon a significant entry of large-scale foreign investments, especially for the Carajas and ALSEAS/ALNORTE [Special Program of Regional Infrastructure Development for the Aluminium Complex] projects, which has not materialized. It is now acknowledged officially that these investments will amount to \$1.6 billion at most. Financing from international organizations, government agencies and supplier credits, meanwhile, should be about \$3 billion, according to forecast, reinforced by World Bank support for the PROALCOOL [National Alcohol Program].

If the nation obtains \$4.6 billion from these two sources, it will still have to borrow \$17.2 billion from private international banks.

Confirmation of this forecast based upon the behavior of the major variables in the balance of payments during the first 4 months of this year means economic policy in the second half of the year will continue to be affected by the need to borrow money abroad.

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FUNCEX FORECAST OF 1981 EXPORTS LESS OPTIMISTIC

Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Apr 81 p 7

[Article by Jose Carlos de Assis: "FUNCEX Less Optimistic on 1981 Exports"]

[Text] Brazilian exports this year should be between \$24.1 billion and \$425.5 billion, in other words, lower than the most optimistic government assumptions, according to estimates prepared by FUNCEX (Central Foundation for Foreign Trade Study). As their most pessimistic assumption, government authorities expect exports worth \$24 billion.

The FUNCEX analysis identifies market conditions for the main export items, always considering two assumptions, an optimistic one and a conservative one. In overall terms it is expected that some of the most important basic products will reveal a less favorable development this year than in 1980. For industrial products, we estimate a sales increase close to 33.42 percent of last year.

Here are the estimates prepared by FUNCEX, product by product.

Sugar. After reaching almost \$1,000 per ton, the price of sugar on the international market began to drop, starting in November, to a little less than \$500 in February. If that rate continues and if the volume shipped out is even slightly reduced compared to last year--when it reached a record high of 2.56 million tons, dropping 2.35 million tons--then the total earnings from sugar and molasses would be \$1.5 billion. If prices should go up again, the total could increase to \$1.75 billion.

Coffee. Brazil has a quota of 14.5 million sacks for sale among the member countries of the International Coffee Agreement. It will be able to sell another 2.5 million sacks to other countries. Even with this anticipated increase in the exported volume, the foreign-exchange earnings will remain practically the same as in 1980, in other words, around \$2.7 billion, in view of the drop in international prices which are a little bit below the minimum of \$1.35 per pound, as fixed under the agreement.

Soybean Complex. The Brazilian harvest should come to around 16 million tons in 1981, exceeding last year's harvest by almost 1 million tons. In addition, there is a reasonable stockpile left over from the last harvest which must still be sold. Fine average prices for the entire soybean complex should remain above those in

1980--in view of the substantial drop in the American harvest--we expect a considerably higher foreign-exchange return this year, between a minimum of \$2.6 billion and a maximum of \$2.8 billion.

Cocoa Complex. There is a surplus on the world market and prices are below the minimum of \$1 per pound, established during the last cocoa agreement. There is however a possibility of an increase in the volume because of the recovery of this year's harvest. In addition, more than half of the output today is exported in the form of processed derivatives whose prices last year did not drop as much as the raw products. The earnings should be between \$800 and \$900 million.

Minerals. Due to the worldwide steel industry crisis--FUNCEX argues--we cannot look forward to a repetition of the good results obtained in 1980 from mineral exports. This is why it is probable that the volumes shipped from iron and manganese mines will decline somewhat in 1981. However, the renegotiation of supply contracts should establish slightly higher prices than those that were in effect in 1980. It is possible that the foreign-exchange earnings might go up a little bit compared to last year. The estimate is that these earnings would be between \$1.75 and \$1.8 million.

Poultry Meat. Contrary to other basic products, poultry meat exports continue to show optimum growth prospects. It is expected that the exported volume will come to 260,000 tons this year, with earnings of between \$300 and \$325 million.

Tobacco. After stagnating in 1980, it is estimated that leaf tobacco exports will be between \$300 and \$250 million this year.

Paper Pulp. With rising prices on the international market and prospects of a modest increase in the exported volume, there is every indication that cellulose sales can come to between \$450 and \$500 million in 1981.

FUNCEX furthermore estimates that sales of machinery and equipment (transportation equipment, electrical machinery and appliances, mechanical instruments, etc.), which have been leading among manufactured products in recent years, will maintain their growth rate. We thus expect earnings of between \$4.5 and \$4.65 billion, for these items.

The value of sugar exports should be between \$450 and 500 million; orange juice should come out between \$500 and 550 million; textile products should wind up between \$700 and \$750 million. Finally, the other basic products should represent exports worth between \$1.2 and \$1.275 billion, whereas the other industrial products should reach a figure between \$6 and \$6.2 billion. At worst, all in all, exports should come to \$24.1 billion and, at best, the figure should be \$25.5 billion.

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ENGESA TO EXPORT \$250 MILLION IN ORDNANCE; FRENCH INTEREST

To Export Arms, Vehicles

Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 May 81 p 18

[Text] ENGESA [Specialized Engineers, Inc] is likely to export this year \$250 million of combat vehicles, weapons, tractors and trucks. Last year the company's foreign sales were \$200 million, according to ENGESA sales manager Joaquim Otavio Assumpcao, who spoke yesterday to the Brazilian Association of Marketing.

Mr Assumpcao said that within 1 or 2 months negotiations will be concluded for a possible sale of about 700 Urutu and Cascavel combat units to the Malaysian Army. Conversations with Malaysia began 3 years ago and the pace of negotiations speeded up after a special Malaysian mission's visit to Brazil a little over 2 months ago.

Association

The ENGESA sales manager announced that the company is now associated with a U.S. group--Bell Aerospace Textron--to be in a better position to win the bid for constructing between 700 and 1,000 combat cars for the U.S. Marine Corps. Through this association the cars would be built partly in Brazil and partly in the United States.

The bidding, scheduled originally for June, has been delayed until the end of this year. But this postponement will not affect ENGESA adversely, according to its sales manager. The company will continue in the running with the same competitors: the Savien and Panhard firms of France, the Italian firm Fiat, the Mowag firm of Canada and the U.S. firms Chrysler and Cadillac-Gage.

The major clients of ENGESA, which has decided to specialize in the Third World market, are Libya, Iraq, Uruguay, Chile, Gabon and Tunisia. To Libya alone the company has already exported goods worth a total of \$200 million. The ENGESA group has five companies, including a trading company, and 4,000 employees. It exports 85 percent of what it produces.

Possible Agreement With France

Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 May 81 p 13

[Text] Sao Paulo--France may win the race already entered by the United States and Italy to become Brazil's leading partner in producing and marketing aircraft and

armored vehicles, provided that two key agreements involving millions of dollars are concluded between EMBRAER [Brazilian Aeronautics Company], ENGESA and the French firms Aeroespatale and Euromissile.

Through these agreements Brazil can improve its position among armament-exporting countries, although it is already among the world's 10 largest suppliers of ordnance, with total sales of about \$1.2 billion in 1980.

Agreements

Agreements by the Brazilian ordnance industry with its foreign counterparts began to multiply during the last 2 years, although the Italian aeronautical industry Aermacchi has been providing EMBRAER with technology for producing the Xavante military jet since 1973. An agreement between ENGESA and Bell Textron is to be signed this year for building the Urutu armored vehicles there. U.S. background in tanks is substantial and Bernadini acquired all its know-how based upon experiments with U.S. models, from which emerged the Carcara X-1A1.

Another international agreement in the military area is being signed by EMBRAER with the Italian Aeritalia and Aermacchi industries, to build the transonic AMX jet fighter, which already has 100 units on order by the FAB [Brazilian Air Force], which will thus double its fire power. This aircraft may also become NATO equipment as well as being used by the Italian Air Force.

These agreements, together with development of the Brazilian ordnance industry, will enable IMBEL (Ordnance Industry) to advertise in the foreign market no less than 31 products, from aircraft to rockets and from tanks to cannons, rifles, ammunition and even field binoculars, telephones and radios, masks and helmets.

According to specialists in the international armament business, although \$1.2 billion is small in relation to this market's total billing, which was about \$500 billion in 1980, the presence of Brazilian armaments is already beginning to worry traditional suppliers.

France

France, which had among its military products in Brazil the Roland missile system it furnished to the Army and the Aeroespatale technology transferred for making HELIBRAS [Brazilian Helicopters, Inc] helicopters, has in recent months begun to change its strategy toward Brazilian industry and to negotiate agreements that may put that country in the position of being Brazil's main partner in arms production.

FRENCH AMBASSADOR NOTES TRIPLING OF TRADE IN FOUR YEARS

Rio de Janeiro O GLOBO in Portuguese 3 May 81 p 6

[Interview with French Ambassador Jean Beliard in Brasilia; date not specified]

[Text] Brasilia--Jean Beliard, the French ambassador to Brazil, said in an exclusive interview with O GLOBO that "the close political relations that have crystallized between our two countries as a result of their convergent stands on international problems and the talks between presidents in 1976, 1979, and 1981 have had important productive results in the other sectors of bilateral relations."

Beliard, who is leaving Brasilia this week after a stay of almost 4 years--during which he had the opportunity to note the change in the intensity of relations between Brazil and France--said: "For example, trade has tripled in 4 years, direct investments have doubled in 5 years, and Brazil has been receiving a steady flow of credits and loans from French banks."

Beliard said that Brazil has now reached a stage of economic and technological development enabling it to take better advantage of French cooperation in the scientific and technical areas.

The ambassador said: "Telecommunications, helicopters, railroads, electronics, coal-fired thermal power plants and data processing are some of the sectors in which technology transfer and the training of human resources have been most intense."

Interview

Question: As you prepare to leave Brazil after almost 4 years, how do you evaluate the importance of the good political relations between France and Brazil from the bilateral and international standpoints?

[Answer] The great importance of good political relations between two countries is that all the other aspects of bilateral relations develop from that point. From that standpoint, Brazil and France are experiencing an ideal period in which the similarity of their political positions is remarkable. Both uphold the need for peace throughout the world and the right of each country to pursue an independent

and firm foreign policy that corresponds, first of all, to its own interests. Both nations advocate peaceful solutions to controversies and condemn any interference in the internal affairs of a state--chiefly armed or military interventions. Negotiation instead of confrontation and increasingly intense North-South relations because Brazil and France feel that cooperation between the two sides needs to be vitalized. Speaking for France, I can say that we have great understanding for the problems of the Third World, and we are committed to providing the developing countries with financial and technological cooperation--chiefly countries like Brazil, which have already reached a certain level of economic and industrial progress and for that reason are in a position to take better advantage of French cooperation. During President Figueiredo's visit to Paris in February, the almost identical political positions of the two countries became very obvious when the two presidents were discussing important international issues. In France's view, it is very important to maintain a close relationship with Brazil because of what the latter represents as an important point of support in Latin America. And the Brazilian delegation made it clear that an ally in Europe represents an important factor in the independent foreign policy that Brazil wants to pursue. That situation of dynamic alliance had already become completely clear before President Giscard d'Estaing visited Brazil in 1979, but the new meeting between presidents has helped to strengthen even more the political foundations of our bilateral relationship.

QUESTION: Now is that good political relationship reflected on the bilateral economic level?

ANSWER: Since Brazil already has a reasonably well-developed industry producing manufactured goods of good quality and sophistication, economic relations between France and Brazil are free of the usual pattern, in which the industrialized nation exports machinery and manufactured products and the Third-World country exports raw materials. Trade between the two countries has tripled over the past 4 years, and more important than that growth is the fact that France's trade deficit is increasing from year to year as the list of Brazilian exports becomes more diversified. We are now buying airplanes, vehicle parts, and electronic products from Brazil. Our trade deficit was \$280 million in 1979, and it rose to \$385 million in 1980, when our exports totaled \$1 billion, compared to imports of \$615 million. Brazil represents 37 percent of France's total trade with Latin America--more than Venezuela, Mexico, and Argentina combined. Despite that accelerated growth, our trade could increase still further since it represents only 3 percent of France's total foreign trade.

QUESTION: In addition to trade, Brazil and France are also engaged in joint development projects, and many French firms are investing in Brazil. Are those undertakings going well? Are the investing firms satisfied? What are their chief complaints?

ANSWER: As far as investments are concerned, France occupies seventh place with 17th largest in direct investments. In the past 5 years, it is France that has increased its investments in Brazil the most: it has doubled its invested capital. Moreover, the Japanese have increased their economic participation in Brazil to that extent. There are many projects under construction, such as the Tucuruí hydroelectric plant which will begin producing electric power next year; coal-fired thermal power plants; and the radar air traffic control system, whose first phase--Dacta I, in the eastern Brazil--has been completed and is now in operation, and whose

second phase--Dacta II, covering the southern part of the country--is now definite, since a protocol of intention to that effect was signed during Figueiredo's visit to Paris. As far as the Brazilian (as published; presumably French intended) firms doing business in Brazil are concerned, I believe their level of satisfaction is high, since they are reinvesting in the country and new firms are entering the Brazilian market every day. The chief complaint that I have been hearing concerns the difficulties involved in importing equipment--the process is lengthy and very bureaucratic. On the other hand, the French firms have a lot of praise for the productivity and intelligence of Brazilian technicians and workers. Because of that, the wages in those firms are higher than those in their Brazilian counterparts.

[Question] Are the French banks concerned about the economic problems being experienced by Brazil?

[Answer] The embassy has noted a steady flow of credits and loans into Brazil from French and European banks and consortiums on terms that are quite good. A number of important financial contracts have been signed in 1981 as well during visits to Paris by ministers and the Brazilian president. I believe that the European banking community feels that Brazil's economic difficulties are cyclical and temporary.

[Question] The technological gap is perhaps the most difficult thing for a developing country to overcome. In what sectors of the Brazilian economy has France been cooperating in the form of technology transfers?

[Answer] That is a very important aspect of relations between the two countries, because France has been transferring millions and millions of dollars worth of advanced technology, and along with that it has been supporting extensive training programs for technical scientists through scholarships in France and the sponsoring of faster courses of study in Brazil. At this very moment, more than 800 Brazilians are studying on scholarships in France, most of them in the exact sciences.

Technological cooperation between the two countries has been most intense in the areas of telecommunications, helicopters, railroads, electronics, coal-fired thermal power plants, coal gasification, and data processing. The minicomputer, which Brazil is now exporting successfully, was a joint project by Brazilian technicians trained in France and their French colleagues, who worked together in Brazil.

[Question] Is this great impetus that Brazilian-French relations have received over the past 3 years linked directly to President Giscard d'Estaing, who as early as the late 1960's was already showing great enthusiasm for Brazil?

[Answer] There is no doubt that President Giscard has played a basic role in the development of these lines of cooperation since the start of the 1970's, when he was minister of finance. Since that period, when he organized the French Exhibition in Sao Paulo, he has been trying to awaken French industrialists, businessmen, and bankers to Brazil and its possibilities for economic development. Giscard has always said that Brazil is one of the few developing countries with all the conditions of geography, area, natural resources, and population that are necessary for becoming a pole of development. Since he became president, he has doubtless been in an even better position to vitalize our bilateral relations.

[Question] Against that background, do you believe that relations between the two countries may stagnate if the French choose another candidate in the election?

[Answer] My position as French ambassador prevents me from commenting on my country's domestic politics to a foreign newspaper, but I believe that the political and economic interests of both countries are quite stable and will not change overnight.

[Question] What was France's reaction to Brazil's decision to reestablish the bonus credits on products manufactured for export?

[Answer] That matter is being discussed in the French Government circles concerned with foreign trade. The important thing is to calculate the effect that the measure will have in the specific case of trade between our two countries, and then to decide whether it is a factor involving important consequences. The conclusions of that study have not reached my hands, so I cannot predict whether France will take some specific step in connection with it.

[Question] How are military relations between the two countries developing?

[Answer] There is a considerable exchange of information between the respective services of the three military branches, and in recent years, several military ministers on both sides have made official visits for closer talks. And in the field of operations, Brazilian officers and pilots are taking courses in France, while French military undergo training periods in Brazil to become more familiar with the country.

[Question] What are the chief activities in the cultural field?

[Answer] France has a great interest in seeing French become the second language in Brazil. As it was for centuries until just before World War II, when it was supplanted by English. Brazilian young people have been showing a renewed interest in French in recent years, and today we have 50,000 students enrolled in the courses provided by the Alliance Francaise.

APRIL INFLATION OF 5.5 PERCENT LOWEST SINCE SEPTEMBER

Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 May 81 p 19

[Text] April was the month of lowest inflation this year: 5.5 percent, according to the Getulio Vargas Foundation [FGV]. It is the smallest increase since September 1980 and is also less than the 5.7 percent of last April. For the first time since December of last year the latest 12-month rate also fell, from the record 121.2 percent of March to 120.6 percent in April. However, the increase so far this year of 30.9 percent exceeds the 24.4 percent of January through April last year.

The IPA (Wholesale Price Index, which represents 60 percent of the General Price Index [IGP]) also had a smaller increase in April, 5.3 percent, compared to 7.9 percent in March. According to the FGV, this trend "should support the expectation of a future drop in the rate of consumer price increases, to the degree that the IPA antecedes it." The Civil Construction Cost Index (10 percent of the IGP), which rose sharply in the last 2 months, rose 3.4 percent in April, after 8.1 percent in March.

Food

Of the three indices that make up the General Price Index, the Consumer Price Index was the only one that rose more in April (6.6 percent) than in March (5.8 percent). The INPC (National Consumer Price Index) rose 5.3 percent. The food group, which is responsible for 40 percent of inflation, rose 6.5 percent in April. The 10 products whose prices rose the most in April were: okra, oats, smoked meat, salted meat, tomatoes, instant coffee, black beans, shrimp, milk and vermouth and rum.

The 20 items with the most influence on the higher Consumer Price Index--because of their weight in household budgets--in April were: black beans, fresh milk, dough, salted meat, tomatoes, margarine, lard, "amarela" rice, sandwiches, "pescadinha" [a fish], restaurant and lunch-counter meals, Irish potatoes, okra, chicken, "agulha" rice, onions, eggs, sandwich loaf, demi-tasse and corbina.

The following 20 products were responsible for over half the April wholesale price increase, as measured by the IPA: beans, compost fertilizer, tomatoes, crude oil, processed rice, insecticide, grapes, regular Portland cement, nitrogenous fertilizer, simple superphosphates, cigars and cigarillos, cigarettes, fish, diesel fuel, Irish potatoes, milk, heavy agricultural tractors, bananas, gasoline up to 90 octane, and cotton cloth.



The Price Rise (12-Month Increase)

Key:

1. Wholesale Price Index
2. Inflation
3. Cost of Living
4. INPC [National Consumer Price Index]

8834

CSO: 3001/192

DATA, COMMENT ON MARCH UNEMPLOYMENT, UNDEREMPLOYMENT

Unemployment Rises in Rio

Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 May 81 p 8

[Text] Unemployment continues to increase in Rio, where it reached 8.86 percent in March, the highest level since the IBGE [Brazilian Institute of Geography and Statistics] began its monthly survey, compared to 8.16 percent in February. In Sao Paulo and Belo Horizonte the rate declined slightly, to 7.47 percent and 9.95 percent respectively. In Porto Alegre, the rate rose from 6.12 percent in February to 6.79 percent in March.

The IBGE also reported yesterday the unemployment rates of two other state capitals: Salvador, with 9.14 percent in March, and Recife, with 8.8 percent. However, the institute has been computing the figures for these two cities since June 1980, although not publishing them. What is lacking now is data about the other four metropolitan regions--Belem, Fortaleza, Florianopolis and Brasilia--that, according to the IBGE's initial timetable, were to have been computed and published by now.

Based upon the monthly unemployment rates in Salvador and Recife that the IBGE is now publishing, unemployment has been rising since the last 2 months of last year, as it also has in the other state capitals, very rapidly. [See table on next page.]

DRT vs IBGE

The regional representative of the Labor Ministry [DRT], Luis Carlos de Brito, said yesterday that there is no unemployment problem in Rio de Janeiro State, the area he is representative for. In his opinion, there are "only minor symptoms of unemployment in four sectors: metallurgy, electronics, services and spinning and weaving."

According to the labor representative, his "thermometer" for measuring the crisis "is the confirmations of employment contract cancellations, which have been more or less the same as in other years." He added that "the newspapers continue publishing dozens of help-wanted advertisements."

IBGE Survey of Underemployment

Brasilia CORREIO BRAZILIENSE in Portuguese 9 May 81 p 6

[Text] Rio de Janeiro--About 644,000 persons in the Sao Paulo metropolitan area and 578,000 in Greater Rio de Janeiro were unemployed or earning less than the

Unemployment (percent of work force)

Month	Rio de Janeiro	Sao Paulo	Belo Horizonte	Porto Alegre	Salvador	Recife
January 1980	7.91	6.87	--	--	--	--
February	7.81	6.72	--	--	--	--
March	8.10	6.60	--	--	--	--
April	7.52	5.81	8.62	4.65	--	--
May	8.12	5.85	7.75	4.60	--	--
June	7.96	5.38	7.82	4.94	7.84	6.95
July	8.16	5.27	7.30	4.83	7.61	7.05
August	8.00	5.21	7.65	4.89	7.45	7.54
September	6.88	5.35	7.12	4.77	7.71	7.21
October	6.86	5.24	7.69	4.42	6.46	6.55
November	6.51	5.15	7.51	3.97	6.14	6.46
December	6.47	4.36	7.08	3.90	6.41	5.81
January 1981	7.99	7.21	9.58	4.81	8.57	8.18
February	8.16	7.49	10.17	6.12	8.33	7.93
March	8.86	7.47	9.95	6.79	9.14	8.80

[Source: IBGE [Brazilian Institute of Geography and Statistics]]

minimum wage in the month of March, according to a survey reported yesterday by Jesse Montello, president of the IBGE. In these two cities, unemployment or underemployment, as defined by the government, affected 13.82 percent and 16.97 percent, respectively, of the work force, or economically active population.

In a press conference called at the request of Planning Minister Delfim Netto, Mr. Montello explained the procedures used in computing unemployment and the influence of seasonal aspects on the indices obtained. According to the IBGE president, the higher unemployment between January and March of this year may be a seasonal occurrence "because it also happened between January and March of 1980." He stressed, however, that not until 2 years from now will IBGE be able to determine the significance of the figures obtained.

Those considered underemployed were all persons over 15 years of age who in any manner have worked during the last 2 months in any activity for 40 hours or more per week and with income below the regional minimum wage.

To determine the number of persons employed, the survey requires only that they have some form of remunerated activity, even if unregulated and without signed working papers, which the IBGE calls "informal employment." Jesse Montello promised to report every month the results of the employment surveys now being made in six metropolitan regions: Rio de Janeiro, Sao Paulo, Belo Horizonte, Porto Alegre, Salvador and Recife.

A chart of industrial performance published by the IBGE reveals that from February 1980 to February 1981 the nation's production increased 6.87 percent, compared to an increase of only 3.48 percent in labor absorption. During that period the most

Other sectors for production were those of transportation material, automobiles, petroleum derivatives and beverages. However, only the pharmaceutical, tobacco and beverage sectors showed a decrease in employed manpower. Strangely, in this chart, the automobile sector is represented by three activities--metallurgy, machinery and transportation material--all showing, as compared to February last year, an actual increase of employment.

As already announced by the IBGE, unemployment for March of this year hit 8.66 percent of the work force in Rio de Janeiro, surpassed only by Belo Horizonte, with 9.46 percent, and Salvador, with 9.14 percent. During the first 3 months of this year the highest rate of unemployment was recorded in Belo Horizonte during February, with 10.17 percent.

Underemployment in the first quarter of this year, analyzed in a separate chart, was highest in Recife, reaching 16.71 percent in January. In March Recife again headed the list of underemployed, followed by Salvador and Belo Horizonte, the latter with 11.79 percent. March underemployment was 8.11 percent of the work force in Rio de Janeiro and 6.45 percent in Sao Paulo.

In March, unemployment and underemployment combined reached the following percent-ages in the states surveyed: The highest rate was in Recife with 24.11 percent, followed by Salvador, with 22.71 percent, Belo Horizonte, with 21.64 percent, Rio de Janeiro, with 16.87 percent, Sao Paulo, with 15.62 percent, and Porto Alegre, with 14.60 percent.

In seeking to ascertain the nation's employment and unemployment, the IBGE is now using about 800 workers and visiting 42,334 households monthly in the metropolitan regions of 6 cities. According to the institute, "unemployed is every one who is working or would like to work but who sought employment in the week preceding the institute's visit." However, they must not be performing any remunerated job.

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1978 AGRICULTURAL PRODUCTION FORECAST RELEASED

Re: de Janeiro O GLOBO in Portuguese 9 May 81 p 17

Re: [Brazil] Brasilia--In the current crop year, Brazil will produce almost 55 million tons of grain, including 13 million tons of corn; 15.5 million tons of soybeans; 10.9 million tons of rice; 2.4 million tons of beans--without counting irrigated beans (440,000 tons of black beans)--and about 2.2 million tons of wheat, as well as other products.

This production, announced yesterday by Agriculture Minister Amaury Stabile, will allow importing beans, rice and corn this year, which cost the country \$350 million last year and \$1.2 billion in 1976. Stabile believes it will be possible this year to build a rice stockpile of about 1 million tons and perhaps a bean carryover, if irrigation elimination is large.

The Agriculture Minister also explained that, based upon the new crop forecast of the Production Financing Commission (CFP), the decline of 5.6 percent in rice production from the previous crop year (9.63 million tons) was due to dry weather in January and February in Ceara and Mato Grosso do Sul and reduction of planted area in Para, Maranhao and Roraima.

The first estimate is the wheat harvest, which began its planting in recent weeks, with some reduction of 18 percent from last year, when the nation harvested 1.2 million tons of the cereal. According to Stabile, wheat production is having production problems due to changes in policy for the product, with gradual reduction of the government subsidy.

Rice and Exports

Although rice production has decreased 5.6 percent, the government hopes to build a large surplus stock, according to Stabile, because surplus from the previous crop is still being sold and because the CFP still has most of the rice imported last year.

The minister said the government is studying the request of Rio Grande do Sul rice producers who want to export the highest-quality product. In his opinion, "we must first find out just how satisfactory domestic supply will be and after that think about exporting any surplus."

Regarding soybean exports, which this year may bring in over \$3 billion, Stabile said the government's concern in setting quotas for exporters, is to prevent the

favorable international market prices from attracting all of this year's record production, unrealistically raising domestic prices. He stressed, however, that the trend "is to gradually liberalize the quotas."

Other Products

Besides the five major products, the CFF also stimulated production of cotton (from 196,000 to 616,000 tons), peanuts (374,000 tons), castor oil (314,000 tons), sisal (292,000 tons), barley (from 135,000 to 149,000 tons) and jute and mallow (113,000 tons combined). Some of these products are not included in computing the national grain crop.

CFF Crop Forecast--May

<u>Crop</u>	<u>1979-80 Crop</u>	<u>Current Crop</u>
Corn	25,112	22,925/23,051
Soybeans	14,887	13,518
Rice	4,637	4,097
Beans (white/red)	895	1,013/ 1,265
Budax (total)	1,848	2,304/ 2,534
Wheat	1,142	2,057/ 2,436
Wheat (raw)	372	596/ 636
Wheat	374	374
Wheat (oil)	305	314
Barley	83	135/ 149

SP 16

100 300,000

BRIEFS

IMBEL, IMPORT TAX EXEMPTION--President Joao Figueiredo signed a decree exempting from duties and taxes any imports handled by IMBEL (War Materiel Industry of Brazil [Industria de Armamento]). According to the presidential act, this tax exemption will apply to imports of raw materials, spare parts, components, and equipment, machinery, and services, without any corresponding domestically produced items, intended for IMBEL production and services. IMBEL was established in July 1975 by decree of the then President Ernesto Geisel following a proposal by the army minister at that time, Gen Sylvio Freta. From that date onward, IMBEL was responsible for the industrial and commercial administration of six ammunition factories operated by the army; one of these had been founded in 1946 by D. Joao VI, a pioneer in military equipment manufacturing in the country. In 1977, IMBEL acquired a controlling share of three private companies involved in the production of such equipment: they were OMB of Brazil, producing diesel-electric crystals and optical fibers, in association with BRAMA, a subsidiary of BNDE (National Economic Development Bank); Of Vasconcelos, producing optical equipment and precision apparatus, the only one of its kind in the country, together with EMBRAMEC, a subsidiary of the BNDE; and finally OFC (Brazilian Cartridge Company), the biggest producer of Brazilian small and medium-caliber ammunition, controlled by foreign capital. Right now, IMBEL has 17 million cruzeros in capital, represented by the assets of the former military equipment manufacturing establishments which were terminated by decree and which were completely taken over by the federal government. Gen Arnaldo Calderari is currently chairman of the board at the IMBEL which was created to collaborate in the planning and production of military equipment, aiming at technology transfer, incentives for the establishment of new industries in this sector, and providing technical and financial assistance to other enterprises in this field. At this time, the company is busy restoring, modernizing, and expanding its equipment and industrial facilities through various projects which are being carried out at its different plants. (Text) (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Apr 81 p. 1-354)

THE CATHOLIC EDUCATORS MULTINATIONALS--New York. At the annual convention of the Catholic Education Association in New York, Dom Helder Camara, Archbishop of Recife and Olinda, accused the multinationals of causing the imbalance in the world where one-third of the total population live under conditions of poverty and hunger. The Association of Catholic Educators is the strongest and most influential organization of the Catholic Church in the United States. The purpose of the annual meeting was to develop an education policy, by discussing the most serious problems to be tackled in classrooms. In the opinion of Dom Helder, who was present at the

convention, all Catholic educators must have one main criterion in mind and that is to spread the truth. The Archbishop of Recife and Olinda accused the superpowers of "wasting \$450 billion on armaments per year, thus endangering the lives and tranquility of innocent populations." He added that "for the naive, the United States and the Soviet Union give the impression of being irreconcilable enemies. But they know very well how to exploit their differences." Behind this rhetoric and this waste of capital, Dom Helder says that he believes that "the multinationals are most responsible for these imbalanced budget and technological measures and for imbalance between the rich and the poor." And he adds: "The biggest allies of the multinationals are not the peoples of the countries in which they operate. They are the military establishment, the mass media, the big foundations, the universities, and the intelligence services." For Dom Helder, all of these alliances create a situation in which the defense of humanism is not favored today. "It is incredible," he said, "that even in the United States, if a professor has the audacity to examine the most serious and significant human problems, the moment that professor merely stresses the human priority, he is suspected of radicalism and infamy." Dom Helder did not confine himself to criticizing the poor educational setup given to high schools and colleges. He said that "neither the media, nor the government, nor the political forums, nor daily dialogue are ever addressed to the needs of the problem to permit our children to grow up with justice and to have the weapons they need to make a better world." (Text) [Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Apr 81 p. 31 3058]

SOYBEANS TO USSR--Parana Alegre--This month Rio Grande do Sul will export to the Soviet Union over 12,000 tons of soybeans at \$295 (21,099 cruzeiros) per ton FOB. This shipment brings to 42,000 tons the soybeans from the current Rio Grande do Sul crop exported to the Soviets, as the state contributed 20,000 tons to the first shipment of 42,000 tons of Brazilian soybeans. The shipment is handled by the Brazilian Warehouses and Trade Company (COBEC). Even with the suspension of the embargo by the United States on sale of grain to the Soviet Union, the provision remains for Brazil to export to the Soviet market about 400,000 tons of soybeans. (Text) [Rio de Janeiro JORNAL DO BRASIL in Portuguese 3 May 81 p. 1, 4814]

INCIDENTS OF POLICE BRUTALITY IN COUNTRY SCORED

Too Many Violations

Santo Domingo EL CARIBE in Spanish 2 Apr 81 p 8

[Editorial: "Vehement Appeal"]

[Text:] Scarcely a day passes when the news media do not echo denunciations made by the citizenry alleging ill-treatment by the police.

The frequency of these denunciations--made by radio, television and the newspapers--is enough to make one think that violations of public freedom and police brutality are common practice in our environment.

We are deeply sorry--and even ashamed on behalf of all citizens who still have faith in the sacred prerogatives of human dignity--to have to refer once more to these excesses by the police; but we would be shirking our conscientious duty if we did not do so.

In view of the frequency of these cases of unjustifiable outrage, we are making a vehement appeal to the president of the republic, as commander in chief of the armed forces and the nation's highest magistrate who solemnly swore to respect the country's constitution and laws, to put an end to these infamous events which are impeding the worthy establishment of an atmosphere of public security in our midst by keeping with the observance of those human rights so frequently invoked by those whose duty it is to see that those rights are enforced.

Cases like those reported only serve to widen the gap of distrust and resentment which exists between the police and the citizenry and which, more than once, we have reported in this same column.

God grant that this appeal will finally obtain positive results and that we shall never have to mention this deplorable subject again.

Need for Restraint

Santo Domingo EL CARIBE in Spanish 4 Apr 81 p 10

[Editorial: "Wrong Procedure"]

[Text] Certain student groups have considered that the presence of two U.S. Navy warships in Santo Domingo's outer port is offensive to their patriotic sentiments.

In a regime where public freedom is stressed, no one would think of suppressing those sentiments--whatever their ideological or emotional motivation might be--or the right these students have to communicate those sentiments to the community as a whole.

In this particular case, the students chose to make their protest public by staging a parade through the city's streets and avenues; but the parade degenerated into a riot in which stones were thrown causing serious damage to private property, fires were burned, and violent confrontations took place with the police resulting in many wounded and hundreds arrested by police detachments.

These are regrettable and extremely worrisome events in that they reveal a misunderstanding with regard to the manner in which a disagreement was expressed by a particular group which assumes itself to be on a higher cultural level than the general citizenry.

We believe that these student groups could have conveyed their sentiments to the public with greater effectiveness and persuasive force if they had resorted to the news media, which are available to them and through which they could have exercised their right to the free expression of their thoughts without using that right as a cover for the equally sacred rights of their fellow citizens.

One thing--as in the case of mass public demonstrations--is not necessarily an available way to express rights which are thought to be inviolable, nor the most fitting means of displaying specific feelings of protest.

One thing is very true, since force results in the violation of the rights of innocent citizens and--unfortunately--provides law enforcement officers an opportunity to employ all sorts of physical repressive measures to restore order.

We believe that these deplorable events, herein related, should cause students to reflect that an uncontrolled disturbance will not help them obtain a broader degree of sympathy for the cause they are supporting but will rather be an excuse for law enforcement officers to put into practice the drastic methods of suppression which we have so often deplored in this editorial column.

Police Kill Student

Santo Domingo LISTIN DIARIO in Spanish 6 Apr 81 p 6

[Editorial: "Death in Mao"]

[Text] The death of university student Angela Guzman Pena in Mao from shots fired by a joint patrol is extremely painful and unbelievable, and an investigation must be made about the circumstances in which it occurred in order to determine who is responsible for this unreasonable homicide.

According to our information, the police had tear-gas bombs, detonating rockets and other means to repel the students who were throwing stones.

While it is being said that the police treated the rioters in the capital with brutality, in all fairness it should also be mentioned that a number of officials and police agents had to be taken to the hospital to be treated for wounds caused by the stones which were thrown.

It is truly deplorable that students are placed in violent confrontation with the police.

The death of the student must be investigated and cleared up.

The complaint of the civil authorities in this regard must be satisfied.

But the act of inducing students to take part in violent demonstrations is also deplorable.

END

AMU: 8010/1192

AVERROES, ABDALA BUCARAM SEEN AS LOSERS IN LAST ELECTIONS

Quito EL COMERCIO in Spanish 18 Mar 81 p 3

[Text] According to observers, the Bucarams were the big losers in the last provincial elections held in December, since neither of them achieved his goals.

The war of words conducted in the pre-election period by candidates Averroes Bucaram and Abdala Bucaram hurt both candidates equally; in the case of the former, he was unable to win a seat on the Provincial Council, while the latter Bucaram managed to do so, but not with the majority he had planned.

Apparently this major election defeat could not be overcome by the extensive campaign conducted by Abdala in Guayas Province. In Averroes' case, the recommendation provided by campaign chief and director Assad Bucaram did not provide any guarantee either.

This circumstance, together with others such as the CFP [Concentration of Popular Forces] Party's political decline as a result of internal struggles and loss of members, was a contributing factor in the Bucarams' defeat.

Abdala campaigned under the banner of Popular Democracy and in principle it was believed that he would "sweep" Guayas Province because of his work in the Guayaquil provincial government. But when the time came for voters to make their decisions, he barely managed to win a seat on the Provincial Council.

Averroes and his party in turn obtained only one-fourth of the votes on the national level and did not win any seats on the Provincial Council, thus their defeat was total.

Abdala conducted an intensive campaign among the members of the Guayas Provincial Council in an attempt to become Vice chairman of that provincial body, but he was again defeated and this time by economist Cecilia Calderon, who was elected chairman.

This new defeat forced Abdala to submit his resignation as a board member even before taking office.

The Guayas Provincial Council will be informed on Thursday of the resignation, which is based on health reasons.

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NEW CFP STRATEGY GATHERING SUPPORT AMONG PARTY MEMBERS

Quito EL COMERCIO in Spanish 14 Mar 81 p 1

[Article by Miguel Rivadeneira: "New Directions for the CFP"]

[Text] The idea of resolutely, immediately and positively resolving the difficult situation which the Concentration of Popular Forces [CFP] is now going through as a result of Assad Bucaram's questionable leadership, has gathered support among rank-and-file CFP members who want to change the direction of the party, formerly the country's leading political force.

On the one hand, it has been learned that about 10 of the country's provinces are ready to request a special party congress to settle the CFP's present crisis and, on the other, the bloc of legislators led by Bucaram has been reduced to 9 party members from the 24 who began with the installation of the National Chamber of Representatives.

Bucaram entered congress on 10 August 1979 with 28 legislators, becoming part of the majority bloc that obtained the highest positions by forming a coalition with the Christian Conservative and Liberal parties. Bucaram was also elected president of the congress on that date.

However, the coalition which Bucaram adopted in the course of his actions angered several CFP members, who gradually started to abandon him and to form a group supporting President Jaime Roldos.

This group finally included 12 legislators, many of whom were expelled from the CFP. Roldos refuses they supported Roldos. The 12 legislators who support Roldos are: Rafael Gonzales, Walter Espanza, Nelson Felix, Gustavo Valdiviezo, Gabriel Nicola, Leonides Ollague, Antonio Lara, Reinaldo Yanchapaxi, Gilberto Plaza, Eduardo Rivas, Maria Lanza and Jorge Zambrano.

[Text] poor leadership—in the opinion of many CFP members—was demonstrated in the elections of 7 December, in which some of the country's provincial governments were reversed. The CFP went from a leading to a secondary political force, falling behind the Alfariat Radical Front, Popular Democracy and the Democratic

The crisis caused by the Bucaram-Roldos clash deepened and this year new CFP legislators began to adopt a strict party position to defend and rescue the CFP.

The six legislators who have adopted this position are Marco Proano, Fausto Vallejo, Carlos Faiquez, Maximiliano Rosero, Edgar Orbea and Edgar Garrido.

In this connection, the six representatives stated that they have not formed any group within the legislative bloc, nor do they need any title, since their sole identification is with the CFP.

Their aim is to seek an alternative that will put the party on the right track in its present difficult situation. With regard to background, they point out that during the most difficult time in the international conflict with Peru, the CFP published a communique expressing support for the armed forces, with no mention of the president of the republic. The communique was signed by attorney Walter Aviles and not by the party's supreme leader, Assad Bucaram.

In view of this situation, the six legislators sent a telegram expressing support and sympathy for the government's position on the Peruvian assault. This telegram spoke of "CFP members acting on their own initiative."

After returning from an approximately 30-day political conference in the United States, Representative Julio Ayala Serra in turn stressed the position adopted by the six CFP legislators and stated that he fully shared their views on thinking and acting with and for the party, which has withstood personal deviations such as Bolandian and Bucaramian.

Ayala stressed that a way to make the party democratic must be sought today more than ever, and must make provision for differences of opinion and political analyses.

While this was taking place, several provincial leaderships--El Oro and Cotopaxi outstanding among them--were beginning to request that a national party convention be held. But Bucaram flatly denied the request because, in his words, "it is not appropriate."

The LPS is claiming strength and it has been learned that about 10 provinces are ready to request a special party congress.

The LPS is clearly behind the party before it is too late.

In total, at the present time Bucaram has only nine supporters in the Congress: Arquimedes Valdez, Luis Gavilanes, Otilio Tapas, Pepe Mosquera, Rodolfo Baqueriano, Mario Valencia, Juan Chaboun, Jorge Padua and Rafael Marquez.

Bucaram's supporters in turn warn that "a defamatory campaign" could pose a threat to the party from respective bureaucratic factions.

Jose Gavilanes, the CFP's chief of political operations, said that it was impossible to organize the national party convention in which the present national leadership headed by Bucaram was elected.

He emphasized that the provincial leaderships of Chimborazo, Guayaquil, Imbabura and Cotacachi reject validity the national convention which was held on 16 April 1980.

He pointed out that this is another ploy being used by mucklingers to harm the party and its supreme leader, Assad Bucaram.

GIL BARRAGAN TO TRAVEL ON SPECIAL MISSION ABROAD

Quito EL COMERCIO in Spanish 19 Mar 81 p 3

Quito, 18 Mar--Dr Gil Barra an Romero, leader of the Democratic Institutional Coalition (CID) Party and vice president of the National Chamber of Representatives, has announced that he has accepted the offer of President Jaime Roldos Aguilera to become a member of the Ecuadorean commission that will travel abroad to refute Peru's false claims concerning its alleged rights and to defend justice and the law, which are on Ecuador's side in the international problem.

The Ecuadorian can deny this request, since it is a question of serving his homeland. "I would be like a soldier under combat conditions refusing to defend his country," Barragan said.

He added that there are some critics who maintain that the commission's travels abroad would be very expensive and that ambassadors could accomplish the same thing. "These critics," he said, "have the judgment of housewives who apply their views to events in general. Peru has high-level commissions abroad with the mission of trying to demonstrate that its lies are true."

Barragan also said that--with certain honorable exceptions--Ecuadorean diplomats abroad perform their duties routinely, surrounded with conveniences, keeping office hours and enjoying frivolous social activities.

He stated that the commission that will be dispatched from Ecuador for patriotic purposes is made up of individuals who will function abroad as true soldiers, with the mission of constantly defending Ecuadorean rights with real patriotism and the greatest responsibility.

According to Barra an Romero, its members will take with them a new spirit to magnify Ecuador's constant, glaring problem and to make the international community aware of its rights, more than what the ambassadors can do with a bulletin or two.

END
CITE 1271

GOVERNMENT SPOKESMEN DENOUNCE SUBVERSIVE TRENDS

Lima EL COMERCIO in Spanish 14 Mar '81 p 1

Text Quito, 23 Mar (UPI)--Two party leaders in President Jaime Roldos' government have announced that extreme rightwing or leftwing factions are promoting "a coup attempt in Ecuador."

Julio Cesar Trujillo and Enrique Gallegos Arends agreed on the national need to maintain and defend the democratic government represented by Roldos.

Trujillo is the principal leader of Popular Democracy, a party which includes Ecuadorian Democracy and is part of the government. Gallegos Arends is one of the principal leaders of the progovernment party now being formed, with the name of People, Change and Democracy.

Trujillo mentioned Ecuador's recent international problems, including the crisis with Peru, the seizure of the embassy in Havana and the raid by Colombian guerrillas.

The party leader said that "there are bureaucratic factions which are trying to utilize the current situation to promote a dictatorship."

Gallegos in turn expressed his opinion that "the ultimate goal of the combination of external pressures and internal conflicts is to promote a coup attempt in Ecuador in the short or medium term."

Gallegos noted that the main opposition in Ecuador consists of "the factions defeated in the last four elections and who can no longer direct the country's economic policy with just a telephone call."

During his speech on television, Gallegos mentioned that when U.S. President Ronald Reagan took office, he announced a policy of confrontation and not of appeasement.

When asked whether he believed that the U.S. President would applaud a communist coup, he replied that "he would not make such a clear-cut statement, but there are suspicious coincidences in this whole affair."

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CDU CHAIRMAN, MEMBER EXPRESS OPPOSITION TO DICTATORSHIP

Barcelona LA VANGUARDIA in Spanish 3 Apr 81 p 2

[Interview with Juan Raul Ferreira, chairman of the CDU, and Luis Echave, CDU member, by Jose Guerrero Martin; date and place not specified]

[Text] On 30 November 1980, the Uruguayan military regime lost the plebiscite organized by that regime with a view to perpetuating itself in office through a popular referendum which proposed an undemocratic constitution. However, the people forthrightly voted against it and reaffirmed their desire for a democracy with no strings attached. Active among that popular group is the Democratic Convergence of Uruguay [CDU], with whose chairman, Juan Raul Ferreira, White Party activist and son of former candidate to the presidency of the republic, Wilson Ferreira Aldunate; and with CDU member, Luis Echave, a Broad Front activist, we held the following interview:

[Question] When, why and for what purpose was the CDU founded?

Ferreira: Democratic Convergence of Uruguay was founded on 19 April 1980. Although we like to move the real date of the CDU's founding back to the date of the coup d'etat, in the sense that first there is an entire process of convergence of events within the country which draws the political parties together in their fight against the dictatorship, a process which the founding of the CDU is simply taking up and expressing in an organizational manner. For what purpose? In the internal sector, to serve as a channel of communication among the political parties, to facilitate dialogue among the different currents of thought (with a view to the establishment of common plans), to coordinate common activities and to delineate concrete political alternatives to the dictatorship. And in the international arena, to provide the sectors of democratic public opinion in the world with a spokesman about the Uruguayan reality. At times it is easier for governments, parliaments, political parties, trade unions and solidarity organizations to channel the support efforts for the situation in Uruguay through a tangible spokesman who can speak and express the feelings of the great national majorities.

[Question] Are members of the CDU acting as individuals or as representatives of their respective parties?

Echave: The CDU arises out of a fundamental feeling of unity among the groups opposing the dictatorship. The group is made up of persons who, although members

of political parties, are not in the CDU in their character as representatives of those parties. Nevertheless, they have the endorsement of the political sectors in which they are activists. Each CDU member has been endorsed by the forces fighting against the dictatorship inside the country.

[Question] At present, are there CDU members from all the parties in the country's political spectrum?

Ferreira: There are members from the National Party, Colorado Party and the Broad Front, which were the three major political and electoral blocs which came together during the 1971 elections. We can never speak in the name of unanimity. For example, there were more than 11 civic-Christian parties. However, the three largest popular parties are indeed represented in the CDU.

[Question] Has the outcome of the constitutional plebiscite changed any of the CDU's plans or has it confirmed the original plans?

Ferreira: The outcome of the plebiscite has confirmed and reaffirmed the rightness of a political line and *modus operandi*. However, it has forced the rethinking of a series of plans to the extent that we are making a reply to a distinct political situation. In this regard, we can see a pullback of the dictatorship in the Uruguayan political sector which was forced upon it by democratic pressures. The political inability of the dictatorship to elaborate a program which enjoys the slightest social consensus has been demonstrated. Simultaneously, the democratic forces are moving to the offensive in the single political sector on the basis of five concrete demands in which the opinion of all the democratic forces of Uruguay are expressed.

Echave: It seemed impossible, utopian, for forces which apparently had no power vis-a-vis such a totalitarian and destructive dictatorship to be able to frustrate the effort to impose via plebiscite a constitution which the military was certain would be given popular "support." However, the CDU decided to shatter the dictatorship's schedule. In order to shatter the schedule, it was necessary for the people to vote "no" on 30 November. We believe in the people; and, out of pride, the Uruguayan people voted "no" to the plebiscite of the military.

The Social-Economic-Political Situation

[Question] Is the CDU an exile organization or does it also have a counterpart inside Uruguay?

Ferreira: The CDU is not an exile organization; it is not an exile pact. The CDU arises out of political forces inside the country, as the result of a process taking place within Uruguay itself. The fact that those of us who appear publicly as the visible heads of the CDU in the performance of diplomatic and propaganda tasks abroad are exiled--because we cannot return to our country--does not mean that we represent an exile force. With respect to the formation of its political platform, the preparation of its documents, the coordination of unified actions against the dictatorship, etc., the CDU is a national political movement. It is true that inside the country it is difficult to move about and act, but we are doing so.

Echave: We Uruguayans, whose ancestors were Europeans--we usually say we got off the boat--have learned and assimilated the experiences and teachings of our fathers, grandfathers, etc. The Uruguayan people have learned to communicate, to intercommunicate, in spite of the difficulties interposed by a dictatorship of this kind.

[Question] What is the CDU's view of the Uruguayan situation in the economic, social and political sectors?

Ferreira: The CDU, in its documents and by other means, has publicly expressed in a very general way its intention of contributing to the process by jointly seeking solutions to these problems. The CDU is not a political party; and within it there is a convergence of forces with differences--at times profound differences--of an ideological and philosophic kind which, naturally, are seeking various solutions to this type of problem. We feel that in the process of approach in the fight against the dictatorship and in the delineation of concrete political alternatives, we will be able to jointly find solutions to other problems besetting our country. However, in the name of the CDU, we would be unable to present a programmatic government platform, because that is not our role. We are raising as a banner those subjects on which there is a generalized consensus in the country, a consensus which we can indeed say exists as regards the need for seeking a solution to the serious economic problems in such a way that the weight of the crisis does not continue to fall exclusively or primarily upon the least privileged sectors of society.

Echave: To give figures which the average reader can understand easily, let us say that in these years of the dictatorship real wages have been reduced by 50 percent. A few years ago, when the crisis began to make its appearance in Uruguay, \$1.00 was worth 11 pesos: today, it takes 10,000 Uruguayan pesos to buy \$1.00. From the political standpoint, it is enough to say that of a population which does not total 3 million inhabitants, 500,000 are scattered throughout the world; most are young persons who represent this country's principal productive force. What is more, all those who could have built the Uruguay to which we aspire have left the country: the best professionals, doctors, nurses, engineers, teachers, professors, veterinarians, agronomists, artists, writers, intellectuals.... In summary, it can be said that the recent plebiscite has clearly shown that of every three Uruguayans (according to official figures which do not reflect the reality) two were opposed to the present situation. That includes all sectors of society.

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